

**UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA**

FEDERAL TRADE COMMISSION, and

STATE OF MINNESOTA, by its Attorney  
General, Lori Swanson,

Plaintiffs,

v.

SELLERS PLAYBOOK, INC., a  
corporation,

EXPOSURE MARKETING COMPANY,  
a corporation, also d/b/a Sellers Online and  
Sellers Systems,

JESSIE CONNERS TIEVA, individually  
and as an officer of SELLERS  
PLAYBOOK, INC. and EXPOSURE  
MARKETING COMPANY, and

MATTHEW R. TIEVA, individually and  
as an officer of SELLERS PLAYBOOK,  
INC. and EXPOSURE MARKETING  
COMPANY,

Defendants.

**CASE NO.** \_\_\_\_\_

**FILED UNDER SEAL**

**PLAINTIFFS FEDERAL  
TRADE COMMISSION'S  
AND STATE OF  
MINNESOTA'S EXHIBITS**

**VOLUME XI**

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# **PLAINTIFF'S EXHIBIT 51**

Sellers Playbook Third Quarter:

The Best Amazon Products To Sell

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The Best Amazon Products To Sell

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Jessie Tieva

This book is dedicated to all of the dreamers who turn their dreams into reality with hard work, recognize opportunity and taking action!

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Introduction:

Third Quarter: Tackling the Suppliers

Welcome to the Third Quarter. Here is when things start to heat up. In the First Quarter and the Second Quarter we covered aspects of beginning your store, proper business practices, and understanding how the market

works. These are subjects that dictate behavior over time. Treating other sellers with respect and esteem is a habit; staying informed about shifts in demand is a habit; following all the procedures to win buy box time is a habit. The Third Quarter will be chiefly concerned with something you may have been expecting: choosing who to buy from and what to sell. While there are certainly habits involved here as well, the following chapters dictate the first major individual decisions you will make in your career.

Choosing the first items you want to stock your store with, and especially who you are getting those products from, is something you will only do once. It sets your financial future significantly. The success of your first products, that is, consistent selling, can set you on the path to a quick rise through the merchant ranks. Problematic choices with unreliable suppliers or products with too many competitive sellers can cost you a lot of capital fast, and maybe close up your shop in the early weeks.

Of course, successful first moves should set a pattern of choices for the future. However, there is special significance to your first picks. You will find that decisions you make throughout your career set the tone for months or even years to come, decisions that mold who you are and how others perceive you. What you sell is the key to forming an identity. Are you going to burst into the marketplace with a bold new product that blows everyone away and sends the competition scrambling, or will you enter through a side door and be a careful tactician, deftly maneuvering prices to make your way to the top of the pile? Either way, once you start making sales, customers and merchants will start to notice, and your actions say a lot about you.

The old saying "You can learn more about a person in an hour of play than a year of conversation" certainly applies here. Being a merchant is a great way to learn who you are; the Third Quarter should give you an idea of how to go about beginning the journey. How you play this game, the strategies you employ, the ideas you grab on to, and most of all, whether you are successful or not, are telling. Selling is a voyage of self-discovery as much as it is an opportunity for competition and profit.

And there definitely is profit to be made. The previous quarters have gone in somewhat greater depth about the scale of your prospects than this book will. Suffice it to say, opportunities like this do not come along often. Selling goods on Amazon may seem at first glance like an interesting way to make money, but nothing especially out of the ordinary. However, that is far from the case. Many wealthy people have already discovered how powerful computers and the Internet can be at generating money quickly; here and now, more people can tap into that ability. Online services are connecting marketplaces across the globe as hundreds of millions of new customers are gaining Internet access for the first time. Amazon has made it a priority to move on those new customers to be a part of that experience, while simultaneously opening their marketplace and granting fulfillment services to smaller, third-party sellers. This combination of simultaneously connecting suppliers with consumers, at home and abroad, will generate billions, and third-party sellers can be along for the ride. Simply put, there are about to be a

whole lot of new buyers who all want Western goods, and you'll be able to sell to them for a fair price.

A flood of stories out there tell of people who pulled in hundreds of thousands of dollars in revenue in a few months, and that much profit in only a few more. One-year millionaires are seemingly everywhere, and they are every age to every walk of life. They make their money selling a wide range of products. Only one thing connects all these people: they educated themselves, and they worked hard. People who earn quickly spoke to experts, read books, and employed all the help available; then they put it to use. Do the same, and your results are nearly limitless.

Part of that education is a service we will be discussing throughout the quarter: Sellers Playbook. If you are looking for advice in a difficult situation or a guide when the future is uncertain, Sellers Playbook is a smart place to turn. It provides experts on hand to educate you about various aspects of being a merchant that you may not fully understand. Software is included as well to assist you in organizing your business and help you achieve your goals. You are dealing with an extremely competitive market, so take advantage of every contribution of outside help within your grasp. Listen to people with experience. They will provide you with advice gained from reaping the downside of making mistakes themselves.

With that in mind, continue reading and absorb as much as you can. Knowledge is your chief ally in this profession; staying informed about details of the marketplace will keep you on course for success. It's time to play through the Third Quarter. Stay focused. If you leave it all on the field, you'll end up a winner.

Part 1:

Considering What to Sell

Chapter 1:

The Importance of Choosing  
the Right Products

One of the aspects of your store that will define your identity as a seller more than anything else is what products you sell. Whenever describing yourself to a third party, the goods sold in your store are going to be the headline. If you carry items in bulk, if you have excellent customer service, even if you have low prices, everything will take a backseat to what you sell; it is who you are.



A multitude of factors should affect what you decide to focus on, and it is important to be certain of each. First, and most importantly, you need to be able to consistently produce inventory of that item. You cannot sell something if you don't have it. When choosing your next product, do not immediately lean toward items you already have or what might be most easily accessible. Long-term access will be huge if you want to build a significant market presence with sustainable profit. For instance, selling furniture could be a great area to build your store around. However, you'll have to consider supply. If you are planning to make the furniture yourself, make sure you'll have the time, ability, and materials to work at a steady pace. Wood, glue, varnish, a clean work area, screwdrivers, and numerous other aspects go into homemade furniture, so do a comprehensive check to see if you will have all these things to keep a steady supply available. If you are simply reselling furniture, obviously you have fewer components to manage, but lining up suppliers to buy from is no less important. Keys to identifying and securing a steady supply line will be covered in later chapters. However, suffice it to say, this should be your first step in deciding what product to sell. You need a supply.

Part of having a robust supply is acquiring products that you can sell for a reasonable price. Simply having a source of goods is not enough; they cannot come at an extremely high cost. If you pay an arm and a leg for every shipment of raw materials, you will probably end up with unsellable items. To earn a profit, you will need to charge quite a lot to outpace the cost of doing business. A product is not viable if it costs too much.

You also must be at least somewhat knowledgeable about what you choose to retail, and beyond that, you need to be willing to learn and enhance that knowledge at every opportunity. The value of cultivating an education has been and will continue to be a consistent focal point of each quarter. If you don't understand the products in your store, you have set yourself up for disaster. Success without understanding is unsustainable.

Imagine you sell electronics and because of smart pricing, clever descriptions, and a strong merchant profile, business is going well. One day, demand for a certain model of television takes a dive and stays down. If you had learned about the television market and stayed on top of current events, you might have realized that consumer reports released a list of worst TVs to buy, and that model was number one on the worst list. However, you didn't, and now your inventory contains ten expensive televisions you must sell at a highly discounted price. Learning about products is crucial, and the more you already know, the better. When choosing what you are going to sell, don't choose something too obscure.

In the same vein, try to fill your store with products you like or are interested in. Choosing items that you already enjoy spending time around and learning more about will make your whole operation easier to manage. You retain more information when learning about something you have a positive relationship with.

Don't feel tempted to go for items that seem lucrative or especially like the "right thing to sell." You might feel like successful operations only

sell serious goods that have a history or weighty quality to them, like electronics, furniture, homemade food, or original clothing. However, people have earned a fortune retailing every product imaginable; you might be able to achieve lofty goals by reselling baby food or paper towels, and should count yourself lucky if that is the case.

Finally, string these factors together to focus on one overriding point: you must choose a product to sell that you can achieve success with over a long time. Look at your competitors and what they are doing. Judge if you can compete with their prices and the quality of their goods. Are they vulnerable in an exploitable area? Run the numbers on production costs and projected revenue to estimate profits and how they will evolve. Check the buy box and try to figure how long it will take you to win it. (For more information on winning the buy box, see the Second Quarter.) Try to imagine future expansions once your product does sell consistently. If you are confident that you can build a business around the chosen item, then you have chosen well.

#### Results of a Bad Choice

It is crucial to take these steps before moving forward with a product, as the consequences from a poor choice, especially early in the game, can be weighty. What you retail is what defines you, and you shouldn't want to be defined by an incorrect choice. Whether the mistake is selecting a good you aren't that interested in, one you have trouble supplying, or one that won't sell, this decision should not be taken lightly.

More importantly, an early deployment of time and money to a product that does not bring in revenue can be a big blow to a blossoming store. Merchants who end up giving over half their capital and most of their first few weeks trying to retail a good where they are overmatched will soon find themselves in a difficult position. Young stores are vulnerable to mistakes far more than vendors who have a steady stream of income to support them. Take your time choosing what you sell. Spending all of your money on a misunderstood product can be a death blow.

#### Assistance from Sellers Playbook

Sellers Playbook could act as an excellent ally at this point. Acquiring outside help before your store is even open may seem premature; however, what you choose to sell is one of the most major aspects of retailing. If you are inexperienced or unsure of what your path is, enlisting Sellers Playbook for assistance could help tremendously.

It would, of course, cost money, and you might not have a great deal of capital to begin with. The choice to use Sellers Playbook shouldn't be taken lightly, but if you can afford it, their services are exactly what you need to set off on the right foot. Avoiding a bad product choice at the start of your selling career would prove worth whatever you spend on Sellers Playbook.

The following chapters will cover everything you should be thinking about when choosing products and suppliers. Altogether, you should have a clear picture about how to evaluate the choices set in front of you. Take your time to consider each aspect before spending money, as these choices are crucial. Patience is key here.

## Chapter 2:

### Products That Are Easy to Resupply

One of the main characteristics of a good product is that there is a steady supply of it for you to sell. To find a steady supply, you need to find steady suppliers, ideally more than one so that you are covered if something goes wrong. When looking to build a following for your store, garner a high seller rating, win buy boxes, and grow rapidly, you need to be consistently filling orders. Constant starting and stopping in your store because of unreliable suppliers hindering your inventory is not a viable business model. Fixed product offering is essential; without it, your entrepreneurial career won't last long.

Customers need to be able to see your store and garner an image of who you are. For instance, one of the top sellers in the United States is River Colony Trading. On their store page, they have a description listed that explains who they are and how they want customers to see them. However, you can get a picture as clear, or clearer, by checking their product page to see what is available to buy. The merchants at River Colony Trading have compiled a wide variety of games, from Lego sets to dartboards to bath toys. After scrolling through this page, a customer can clearly determine what type of store River Colony Trading is. Their large inventory makes them seem professional, and each item has quite a few ratings—most of them positive—which makes River Colony Trading look dependable.

If a customer goes to your seller profile and sees a random scattering of different products, some with few ratings, that shows a lack of organization and focus. You won't seem professional. Moreover, if I know your shop and I go there expecting to see a certain product, not finding it might disappoint me to the point where I stop checking your shop. The same is true if I search a specific product and hope to find your store on the listing page without any luck. You have to be reliable; therefore, you will require suppliers who are reliable. They must provide you with what you need so you can provide customers with what they need.

### For Retail Arbiters

One note before we continue: retail arbitrage and regular merchant selling are generally the same. However, when dealing with supply lines, there are some differences. Retail arbitrage outlets can model their stores on selling a wide variety of products at a low cost. Often

referred to as "value sellers," these merchants build a customer base comprised of people who are simply looking for good deals, not necessarily a specific item. As a result, certain parts of Part 1 will not apply to some people engaged in retail arbitrage. Steady suppliers are, of course, hugely important for everyone. However, it is possible you won't have to contemplate which products your store is going to focus on, as you may not have a focus at all. If you are going into retail arbitrage as a value seller, reading Part 1 is still necessary. Bear in mind, however, that some of this might not apply to you as stringently.

#### Hallmarks of Steady Suppliers

A steady supplier has clear characteristics. You should be looking for an outlet that is professional, has an established history, and takes you seriously. If the supplier is missing one of those qualities, having a backup supplier or splitting your needs between multiple vendors is the right move.

Professionalism is the most important of all these qualities for a supplier to have. Professionals stay on schedule, treat you with respect, and are less likely to thrust sudden price increases on you. An expert outlet that knows the proper way of doing business can be an invaluable asset. Working with high-quality suppliers makes you look better as well. Imagine two sellers. One does business with several high-volume vendors in the surrounding counties; the other buys from several peoples' garages. Now, there is nothing wrong with the second model; it can work for someone who is just starting out. But which seller would you be more likely to trust?

Looking for a supplier who has a long history of good work can be difficult, but being established for a significant amount of time is an encouraging sign. New suppliers might still be going through the same growing pains you are, and that could result in a disruption, no matter how professional they act. Time helps people work out the obvious problems facing their business; reputable outlets should be able to handle your needs without breaking a sweat. Try to avoid companies that have only been around for a year or two; they are less reliable. Do not shun them altogether, but working with suppliers that have a short history is a risky practice.

Finally, the supplier must take you seriously as a business partner. If they do not believe you are worthy of attention, focus, and time, working with them might turn out to be a difficult proposition. All the reliability and professional behavior is not worth much if the other party barely gives you the time of day. Not being taken seriously means you are probably going to be at the bottom of someone's priority list. While newer sellers will have to deal with that attitude a certain amount at first, there is a big difference between not being taken seriously and being treated with caution.

#### Identifying Potential Problems

Staying informed about your product means knowing quite a few things, including issues that will affect your supply lines. These influences essentially fall into two categories: supplier factors and market factors. Each requires keeping a close eye on an aspect of your product, and each is equally important.

First, supplier factors. Maintaining an up-to-date knowledge of your suppliers' practical and financial situations is a difficult task, given that most of your suppliers will have a vested interest in keeping you in the dark about any problems. When working with other companies, ask about their well-being and any major events going on that might affect business. If you have forged a good relationship, they will be more likely to tell you of any problems.

However, that is unlikely. Often, if a crisis occurs for another company—a timber warehouse got a termite infestation and lost 60% of their inventory, for instance—you will have to find out about it yourself. Keep tabs on your suppliers if you can; some searching online a few times a month might give you early warning of a potential kink in your supply line. While you won't discover any new information often, if you do, it could be vital. Knowing about a future disruption could be incredibly valuable. Finding backup suppliers and preparing your store for a shortage is much easier if you have an extra week to prepare.

The second type of influence comes from changes to the market. Major shifts that affect most, if not every, supplier occasionally occur. These might include unusual weather that scourges crops, a disease that kills trees, economic sanctions between nations that were formerly trading partners, and style changes that shift the demand and price of an item, to name a few. You need to stay informed, not only about your good, but about everything that comprises it. Someone crafting Christmas ornaments needs to stay aware of potential problems in the paint industry. An electronics dealer has to be ready for the endless march of new models or technologies that could bankrupt one of her suppliers. It is a changeable world out there, and you have to be willing to put in significant effort to know everything you need to know. When your profits double and triple because you took the time to educate yourself about trade law and climate shifts, you won't mind the work at all.

## Chapter 3:

### Starting at the Right Price

While you are scouting for suppliers that can consistently deliver what you need, you should also consider price. Consistency does not mean anything if you can't pay for the goods. And, no matter how good your store is, high prices can still drive customers away. Many stores rise and fall based on the small numbers to the right of their product; how much people are willing to pay for something is hard to guess, but you need to keep it low.

This is where having start-up capital makes your day a lot easier. More money means more freedom to choose what you want to sell. If you have \$10,000 waiting in the bank, goods available to buy are virtually limitless—at least in the short term. However, for people who start out with \$100, the situation is a little different. There is not a lot of freedom to craft your own brand of goods without money to fund the venture. Unfortunately, many merchants fall into the second category.

If that is your capital situation, it is probably a smart move to begin in retail arbitrage. It takes virtually no money or setup. You can search for good deals on cheap items and immediately put them up for sale in your store. Profits won't be huge, but they will come quickly. Low-priced goods almost always get a response from people. Starting out like this will give you a cash cushion so that if you do decide to move into selling your own products, you will have some freedom to choose what field you want to enter. For more information on retail arbitrage, see the First Quarter.

Assuming you have enough money for a reasonable range of choices, you will have to make a series of determinations regarding quality. This is all part of your seller identity. If you are intent on attaching yourself to the best-quality suppliers, remember that the quality of the base materials must translate into quality of the finished product. Your prices are going to be high to cover expensive products, so if you are selling a towel rack made from the finest stainless steel, it has to be one of the finest constructions on the market as well. That will become part of who you are as a seller—high quality and high price.

You also might go for midrange to low-priced materials. As with the high-priced supplies, your final products will be of proportional quality. If you buy cheap, you can sell cheap, but your product is probably not going to be top of the line. That is not necessarily a bad thing, but it is a fact of business. Sellers have made a fortune selling using both models. Of course, high quality and low price is ideal and something you should strive for. However, the reality is that class is commensurate across the board. You can't buy plastic utensils and try to sell them like silverware.

#### Finding Products for the Right Price

If you want to focus on quality, you are probably going to have to pay more money for it. However, that does not mean automatically going straight to the most expensive supplier. Shopping around for your best option is a skill you will hone as your time as a seller runs its course. For most goods, you'll find quite a few suppliers available, so you'll have quite a few options on the table to choose from.

Before choosing a supplier, you'll need to estimate costs based on which you choose. If you are selling pet accessories, you might need leather for personalized dog leashes. Outlet 1 might end up costing you two dollars more per every leash made than Outlet 2. Look at the market, finalize plans for how you are going to craft each item, and estimate

whether the improvements from high-quality leather are worthwhile. Here is where it would be helpful to test a product before buying it in large quantities. You should get in the habit of practicing caution when it comes to spending money. Many professional suppliers will let you sample what you are buying. If you are purchasing off the shelf, obviously that works as well. When all else fails, select a few brands of a supply and buy them in small portions before making your choice.

#### Evaluating the Trade-Off between Quality and Price

Even if you are mostly concerned with high-quality items, it is probably worthwhile to test out a few low-cost suppliers. Sometimes you will get lucky and find the rare item that is both finely crafted and available at an affordable price. In that case, make sure the supplier consistently sells products at that price and there is not a sale going on. If the price is standard, it should influence your choice quite a bit. Well-made goods sold on the cheap are a powerful motivator that can help your store's profit margins tremendously.

Finding the right product and the right supplier is really about patience and perseverance. Spending time looking at all your options now is better than pointlessly spending all your money later. You will find that to be true in many ventures and aspects of your entrepreneurial career. Don't undervalue self-control. Precaution and prevention will save you many potential headaches down the line; avoiding rash decisions by taking your time is the hallmark of a mature entrepreneur.

Here again, Sellers Playbook can assist you. After looking around and compiling a price list of several items, each with multiple suppliers, speak to an expert from Sellers Playbook. They can guide you through the process of making your selection, or at least help you understand the impact of your choices. Price is incredibly important; low prices can have a huge impact on your success or failure in the market.

But remember, this is not the only characteristic you should use to choose a product. Aside from price, we have already covered finding a consistent supplier, and the coming chapters will go over other aspects you should think about before deciding what to sell. You'll have many things to think about before making such a big selection, so read on before making your choice.

#### Chapter 4:

##### Choosing Products Based on Your Strong Suits and Experience

One of the best parts of being an entrepreneur is bringing your personal history expertise and knowledge to the operation. Your choices—such as what to sell and how to price—will define you as a seller, but those

choices should be guided by who you are going into the situation. Past experiences, talents, formal and informal education, previous jobs—everything that makes you who you are should help determine what you sell.

Aside from the practical reasons for deciding on products, the seller should bring their personality and unique skill set to their store to ease the transition. This will make the shift from regular life to merchant status simpler, as you will have your experience with you in an alien situation. Throwing yourself into the online market without any selling history and no real knowledge of the products in your store is a recipe for disaster. Staying grounded is huge, and focusing on what you know will help accomplish that.

#### Evaluating What You are Good At

Before choosing a product, you should be aware where your talents and previous knowledge are strongest, and hopefully find something that matches those areas. Spend a little time compiling a list of past experiences and skills to build a comprehensive understanding of what you can do well. Listing out each item will help you consider every aspect of your life and remember them in future. Make sure to include everything you can.

For instance, if you have recently finished college, list all the classes you took, not just your major and minor. A college course on ancient pottery might help you sell dishware, sculpture, or ceramics. Even if it wasn't a focus, you still have some extra information, and that is good to be aware of. A physiology class could be useful in selling athletic gear and sports clothing; think broadly about what can be supportive. Any economics or business classes are great for whatever you are doing, and statistics and math classes will help you interpret data more effectively.

If you used to play a sport in high school or college, that is good to stay aware of, as is any musical past. While these might seem somewhat obscure, it is hard to predict what will become of use as your selling career moves forward. It is likely you will find yourself utilizing abilities and know-how in unexpected ways.

Of course, you should also write down every previous job you have had, from fry cook at McDonalds to a high-level financial internship, as well as the skills required for each position. If a job gave you a working knowledge of graphic design programs, that might be beneficial in numerous different areas. Crafting original Christmas tree ornaments would be easier, as would creating unique pet toys. Graphic design helps you understand how to make things look good; that can aid you quite a bit. Maybe a job taught you photography or how to write or organizational skill or customer relations. Having these points in your back pocket is good, so add them to the list.

#### Your Natural Talents and Hobbies



Tying into this are your natural talents and hobbies. These may have determined some jobs and parts of your education, so there will probably be overlap; however, this list is about being comprehensive. You are trying to paint a portrait of your talents and experiences, so talents and hobbies are a must have.

If you are the type of person who can do any type of puzzle well or is experienced with playing cards, write it down. A natural aptitude for word puzzles can send you far. Whether they are based on logic, trivia, numbers, or a physical puzzle with pieces, having trained yourself to excel, or at least strategize, means you have a leg up on the next seller who doesn't have the same level of experience. Imagine your store mostly focuses on Sudoku (a game like a crossword puzzle but with numbers instead of words) and similar pastimes, and you are working against two other merchants, neither of whom have ever played Sudoku. Which of the three will be the best at writing product descriptions, evaluating the quality of new games, and understanding what the Sudoku audience wants? Probably you.

Opening an outlet that sells board games will be substantially easier if you play them a lot. History of using a product gives you a much more intimate understanding of something than simply studying it. Selling something that you have utilized consistently is smart. You know what makes that product good or bad, where typical problems lie, and what people are probably looking for.

Hobbies and skills are obviously not limited to games and puzzles. If you can whittle or work wood, that could lead straight into crafting furniture or art. That experience is more than helpful; it is completely necessary. Building furniture is not the kind of skill you can learn as you go along.

Playing an instrument will help you immensely with everything related to music, especially if you have a good knowledge of theory and how the instruments work. Reselling guitars with fresh designs might earn you a consistent profit, and knowing how to play what you are stylizing could be helpful, not to mention being able to manipulate the inner workings of the guitar because you have technical understanding as well.

Being a consummate cook will assist you when it comes to selling kitchen accessories. Checking out a supplier's offerings might be hard for someone not versed in measuring cups and baking sheets. However, a veteran chef will know exactly what to look for. This experience could make the difference between a great cooking supply venue and a failed merchant.

There is a wide range of hobbies and skills you might have. Many of them are probably unconventional and not listed here. However, remember not to count anything out. No doubt every person reading this has skills, education, and experience in a variety of different areas, many of which will be helpful with selling certain items. As usual, prior knowledge is not the only factor to consider when concluding what products to put in their store. However, making a list of what you can bring to the table

will help you narrow down your options as the process of choosing continues.

## Chapter 5:

### Choosing a Product with an Available Market

The product you choose must compete in the marketplace. If powerful companies with vast resources are already selling what you want to put in your store, that could cause big problems. Common items will have many sellers, at least some of whom will be able to afford low prices that will be difficult for you to match, especially when you are just starting out. When you choose an item to launch your store on, be sure you can outsell at least some other outlets.

For instance, items that are well-known and in high demand can prove challenging. A Wilson NFL MVP Football, a popular item and "Amazon's Choice" selection, has twenty-eight sellers as of 2017. If you are just starting out, choosing that type of football to sell is probably not a good idea. There are far too many competitors to handle right out of the gate. Unless you can find a great supplier who will give you a fantastic deal, matching prices with so many established sellers, many of whom have been around for years and have sold tens of thousands of items, will be nearly impossible and probably not worth your time and money. For those determined to sell a football, or a product in the same class of competition, the best way around competition is to make yours unique. You could sell the same type of football, regulation size and grip, but give it an original color scheme and sell it as your own.

### Avoiding Market Saturation

This behavior is avoiding what is known as a "saturated market." A saturated market has more than enough sellers already to fill consumers' demand for a product. They are essentially areas with little opportunity because many people are already clawing for every sale available. A simple example of this is a city block that has three different coffee places within fifty yards of each other. There are more than enough stores to fill whatever demand that area can provide. The market for coffee in that area is saturated. If you wanted to make money on that block, opening a fourth coffee place would probably be a bad idea; you are already sharing the market with three more-established competitors.

Instead, you could do two things. First, you could open a shop selling something different—milkshakes, for instance. If there are no milkshake shops around, the whole local market is yours, and you might make a lot of money. Your second option would be to open another coffee place with something to distinguish it from the other three. Coffee is relatively unhealthy; maybe you could open a health-centered coffee place; that

might do well. You could also just undercut your competitors' prices. That is one way to survive in a saturated market. However, it requires a lot of capital and experience to execute that well. Profit margins would be razor thin, even if you do capture a lot of the market. Undercutting other merchants in a big market is usually a poor idea.

So, you should focus on being unique; you will have less competition, and you can bring something new to a stagnant area. Many customers may be tired of typical dark brown; selling blue and orange footballs might bring you a lot of profit. At least if you are original, you'll have far fewer sellers to compete with. One-of-a-kind items also help create a seller identity for you. People might see you selling odd footballs and check related products for a similarly patterned soccer ball; just like that, you are developing a public persona and a consumer base.

If you are really determined to barge into a market with the same products as everyone else just to succeed with low prices, you might make money, but you better be ready for slim profit margins and angry competitors.

#### Figuring Out What People Will Buy

One of the biggest skills you will need to cultivate during your career selling on Amazon is the ability to read the market and gauge demand for an item. Getting in the mind of an average customer through research and consistent focus will enable you to put the right products on the market to achieve high-volume sales quickly. You won't want to waste any time letting an item play out to see whether people will buy it. If you have done your work correctly, you should be clear on what is going to sell.

Understanding demand and divining customer behavior was covered in the First Quarter, so a brief overview should suffice. There are several ways to figure out what customers want. The most obvious and trustworthy way of doing this is to read customer feedback—not just for your store, but for your competitors' stores as well. In fact, that is the best way to break into a market. If you want to sell pillowcases, look through customer feedback from established merchants who have a big share of the pillowcase market.

You might discover in the feedback a consistent pattern of customers asking for something that is not being provided. Maybe people want pillowcases with themes from cultural icons. The Walking Dead is one of the biggest programs on TV right now, so there could certainly be a market online for pillowcases with Walking Dead characters on them. On a side note: if that sounds strange to you, try to ignore the feeling. Customers may want bizarre things that do not make a lot of sense, but not understanding that desire shouldn't stop you from capitalizing on it. No matter how odd the product is that you are selling, the people buying it are paying with real cash.

If sifting through reviews does not give you an idea of what customers want, you could try a more hands-on research. Message people you know who have bought the items you are focusing on. Politely ask if they would

mind giving you feedback about what they liked or disliked about their purchase. A trend among the responses equals an opportunity for you. When choosing products to sell, consider that opportunity as an indicator of what to pick.

Finally, if you are still unsure about what a good new item might be, try purchasing a few things and testing them out. For someone interested in kitchen appliances, buy the main selling blenders and use them for a while. If they all have a consistent defect, you may have found a demand, regardless of whether you've read comments about it in customer feedback.

Look for demand, and avoid competition whenever possible. Always try to make your products better than their substitutes. Quality is rewarded. If that can't happen, at least make them different so they stand out in a saturated market. Organize your ideas. Always write down new ideas or revelations about the market that you glean from customer feedback. These ideas will help you make plans for the future of your business and choose products that people will want to buy.

## Chapter 6:

### Products with a Competitive Advantage

Competitive advantage is a hugely important business concept that scholars have devoted entire books to exploring. However, the basic concept is straightforward. Good products are based around a competitive advantage you have against rival sellers. These advantages occur when you have some innate reason or clever business practice that benefits your company, usually to the detriment of other merchants. Competitive advantages are highly beneficial and usually a sign of a well-run-or lucky-company. That quality is likely to spell consistent profits as long as it is affecting the business.

There are a variety of different types of competitive advantage—it is what puts one vendor ahead of another. It can often be a way to cut costs so you can sell a product for less than everyone else. Famous competitive advantages are littered throughout history. Eli Whitney's mechanical cotton gin innovated how cotton was produced, making the process much faster and cheaper. All who used Whitney's cotton gin had a huge competitive advantage over other textile companies that did not. When Henry Ford perfected the factory system, giving each worker a simple repetitive job to vastly increase efficiency, he developed a huge competitive advantage that allowed him to produce cars more quickly. Speed and efficiency are hallmarks of a traditional competitive advantage, and they can be game changers.

Often competitive advantages based on technology or innovative ideas are temporary. Even with strict patent laws, ideas get taken advantage of quickly; competitors are strongly motivated to take that advantage away from you. Unrestricted advantages can put rival businesses out of

business. As a result, companies will copy the concepts as soon as possible, and what was once a lead becomes standard across an industry.

Other competitive advantages are harder to copy and can lead to longer-lasting success. This can include an advantage from branding, when people are loyal to a specific brand; an advantage via focus, when companies devote resources to a niche market; and an advantage from size. Amazon is working with several of those competitive advantages right now. Not only are they one of the biggest online sellers in the world, they are a trusted brand with a devoted audience. This image draws millions to flock to their store. Not only that, but Amazon has a massive infrastructure that allows for cheap, quick delivery. Drone deliveries are also in the future, and Amazon might gain a technological competitive advantage that further improves their brand and, ultimately, shipping speed.

Advantages can compound on one another until companies become grand fixtures of the business world. Google, Apple, and Microsoft are all in this arena along with Amazon. An impressive legacy usually goes along with businesses in such a lofty position. Renowned entrepreneur Elon Musk is going for the biggest advantage ever with his SpaceX missions to Mars. If human colonies are ever established on the red planet, it's hard to imagine a more potent leg up than to be the one who owns all the solar panels.

#### Choosing Products with a Competitive Advantage

If you are a new outlet with little reputation and not much capital to throw around, you are unlikely to start with a significant company-wide competitive advantage. As you expand, your brand will grow, as will your capital reserves, and then that may change. However, for now, we will focus on an item-based competitive advantage. This occurs when you have a leg up when it comes to one or two items. Whether because you have found a great supplier who sells high-quality goods on the cheap, or you can provide a unique version of the product with characteristics other companies will not be able to copy, this can set you up as a powerful contender in an industry.

You should be looking for products where one or both of those benefits apply. Having a competitive advantage over other sellers will make your introduction into selling much easier. Obtaining good suppliers and understanding your skill set is the key to finding these opportunities. The previous chapters have covered these topics, and putting it all together to find where you are strong is the key to swift and seamless growth.

#### Find Where You Have a Leg Up on Your Competition

Often, you will be facing down much bigger vendors with deeper pockets and higher seller ratings. Finding a product with a competitive advantage will swing control of the market for an item back in your direction. Try to find goods that match up with your small size, where price can be overcome by different qualities. Unlikely as it may seem, having a

relatively new and independent store can be a competitive advantage. People often prefer to buy from smaller sellers that are trying to make it without the help of a big company or lots of resources. You can use that preference to help you compete; for some sellers, it is the main reason they profit.

Homemade items or some kind of personal touch can go a long way. Third-party sellers are growing extremely rapidly, and that is one of the reasons why. If the average consumer is given the choice of buying something produced in an overseas factory by the thousands for \$15, or produced in a smaller shop in the US for \$18, many people would choose the \$18 item, enough people for the merchant to make a profit, sometimes a big one. That is how much a homemade touch can be worth.

Your change might be as simple as stamping your initials or company logo on the leg of some patio furniture or maybe even a note that comes with every delivery thanking the buyer for supporting a small business. Find ways to make these products feel personal or unique, and sales could go way up. Remember, you are building a personality for your store. People should have an image of the type of seller you are, and you create that through small gestures like this (among other things). Anything you can do to signal differences between your store and Walmart or Target will help you. So-called big box stores don't have a great reputation, and most shoppers would rather give you their business. Choose products where you can remind them of that difference.

(Even if you are just private labelling other goods—rebranding products made by other companies—you can use your status as a small, independent seller to gain support from customers everywhere. This will be covered in the Fourth Quarter.)

## Chapter 7:

### Finding a Product That You Are Passionate About

The final characteristic to tie into everything we have discussed so far about good product choices is whether you are interested and passionate about what you are selling. Filling your stock with items that not only fit the requirements listed in the previous chapters but also keep you engaged with the job is ideal. While this connection is not absolutely necessary to success, researching your products and staying curious is crucial. That is much easier if you like the subject you are educating yourself on. Learning about a topic you find horribly dull isn't going to be fun, and you'll be discouraged from doing so in the future. This might lead to an early retirement and ending your merchant status having lost money rather than having made your fortune.

If, for instance, you are selling art supplies, and crafting is one of your favorite pastimes, you are likely already skilled and informed about

all the implements and tools involved in the trade. Whether brushes or easels or the range of different paints and how to mix them, you'll have some idea how everything fits together. Not only that, you're probably ready and willing to learn more. This openness is a profitable attitude to have; the reasons to know more about your product are virtually too numerous to list.

On the other hand, if you find a steady, cheap supply of art supplies at reasonably high quality, likely you will be inclined to gear your store toward selling them; that is probably not a bad move. However, if you are only interested in sports, and art doesn't hold your attention for a second, that will make your situation more difficult. If you are highly disciplined, selling something you don't care about is possible, but it will make your business harder to maintain. The less interested you are in what you sell, the more hard work it will take to stay up to date.

#### Choosing Long-Time Interests

Here is another situation where making a list is a good move. Like when you itemized your talents and previous experiences, this will help you organize your thoughts. For the purposes of clear-headed decision making, lists can be a great tool to understand circumstances. Try to pick pastimes you have been involved with for a while. New, spur-of-the-moment ideas aren't as likely to take hold as well as interests you have had for years.

That is not to say that now is not a good time to try something new, however. The same excitement and interest can result from working with a product that you are trying for the first time. If you have recently read a little on model airplanes recently and they seem like a novel change of pace from your everyday life, that could be a perfect foundation for your business to grow on. A new start can be an excellent help when it comes to capturing your interest, and many people have found that trying something fresh and different is a smart move. However, remember that if you are working on something you haven't known about for very long, there is a chance it could turn out to be far more boring or mundane than you realized. There is a risk to focusing on products you've not interacted with much; you could end up involved in a focus you find boring, even if it seems interesting at first. Choose your products carefully.

#### Deciding on a Product That Won't Get Boring

The longevity of a product largely depends on one that keeps your interest. Such a product will keep you involved and engaged for much longer. Some items are more dynamic, and the process of crafting them evolves. As a result, you can stay focused and hopefully have fun with your work. Products like this often are related to keeping your creative side active. If your brain is stimulated by the process of selling, you will have a much easier time remaining energized as time goes on. This is precisely why producing new items with your own distinctive flair is good.

Aside from products you fashion yourself and can proactively make unique, some fields rapidly evolve on their own. In a free market, any product for sale evolves and (theoretically) improves based on what customers want. Often, working in a market like that can be exhausting but exhilarating. Technology is a prime example of such an area. If you are reselling electronics, your week-to-week process won't change that much, but the goods that you sell will develop incredibly quickly. Especially with the intense competition between certain types of popular technologies—smart phones and laptops especially—you'll always find something new to look at.

You will not regret taking some time to figure out what works best for you on a personal level. As useful as numbers can be, do not forget to include the human element—yourself—when deciding what product to add to your store next. Remember, staying informed and prepared is one of your most important tasks; that is far easier with an intriguing and inviting product.

## Chapter 8:

### Putting It All Together

The previous several chapters have covered the main factors you should consider when choosing new products, especially when your store is just starting out and relatively susceptible to poor decisions. When funds are low, it is hard to overdo preparation. Choosing your first items is the first instance where you should be making every dollar count.

Like with many things in the entrepreneurial world, this process requires patience. You must take your time and learn everything you need to learn. As previous chapters indicate, selecting a product for your outlet cannot be based on one or two criteria alone. It might be a pain, but do go through all the previously listed conditions to see if your item measures up to necessary standards. Does the product have a consistent supply you can call on? How much does the product cost in overhead? Is there a demand for the product? Are you interested in or knowledgeable about the product?

You have a lot to evaluate for each choice. Any one item is unlikely to perfectly meet the standards listed above. However, you must keep all that in mind when you are choosing.

### Choosing Your Products Patiently

One seller, whom we will call Daniel, managed to be on both ends of the decision-making spectrum. This uncommon feat makes him the perfect case study for the importance of picking your store items in a studied, careful manner. In 2013, right before Daniel began selling, he was a moderately successful real estate agent. He made a decent salary every



year and had no dependents. He was not rich, but Daniel's finances were steady. However, the real estate business was ultimately dull, and soon Daniel decided to enter the burgeoning world of online selling.

Daniel allowed himself \$5,000 in savings to spend building his business. As a realtor, he reasoned he already had honed sales skills that would help him in the market. Unfortunately, Daniel did not prepare enough before entering the market. After reading a bit about Amazon's history and glancing at a few successful seller profiles, he decided he was ready. Daniel knew little about selling online, especially aspects specific to Amazon. He was woefully ill-informed. However, Daniel assumed that he could "learn by doing," a rule that seldom works in such a fast-paced, cutthroat profession. Practical experience can be a great teacher, but often the "I'll figure it out as I go along" crowd does not last long.

Golf was one of Daniel's favorite pastimes, so he decided that is where he would focus, beginning with gloves. Choosing something you are interested in is not a bad move of course, and the demand for golfing accessories was reasonably high. But Daniel had not stopped to consider where his supply would come from, whether it would be steady, a good deal, and most importantly how he planned on dealing with a multitude of other merchants who had been in the market selling golfing gloves for years longer than him. He also managed to forget that sporting goods always come with massive seasonal fluctuations in demand, something every informed seller must be aware of.

When Daniel first entered the market, he carried standard golfing gloves, in a few sizes and only the basic colors. His prices were middle-of-the-road compared to other vendors, even a little above average. To put it plainly, Daniel got creamed. After months of being active he almost never had the buy box, and most people who even encountered Daniel's store saw little customer feedback and few reviews. He got outsold at every turn, and saw almost no revenue. On the other hand, Daniel had tons of golfing gloves, some in boxes at his house, sitting around and gathering dust in his house. He burned through his \$5,000 quickly and started dipping into his other savings. Lucky for Daniel, his wife coaxed him into withdrawing from Amazon and giving up the store as a lost cause.

However, his story doesn't end there. After reentering real estate for another eighteen months, Daniel felt boredom creep over him again. For some people, Daniel included, being a merchant provided too much of a rush to abandon; even when a person is losing money, the business stays enthralling. So, after taking some time convincing his wife, Daniel decided to try his hand at selling again.

This time, he only allowed himself \$1,000 to fund the store. Daniel was not worried; a little distance from his experiences had made one thing clear: preparation makes up for quite a lot. He knew if he took his time to find the right items to sell and put his store together with care and patience, his chances of success would skyrocket.

His first move was to step back and find the right product to sell, something where he could turn a profit quickly. After taking stock of the

supplies available to him, he found several local retailers who sold cheap kitchen accessories in bulk with regular sales. Daniel could sell spoons and bowls at competitive prices and hopefully start profiting immediately. Even better, after a little reading, he developed an interest in cooking, so he stayed more attentive when researching the market.

Eventually, after carefully thinking over prices and building other aspects of his store, Daniel jumped into the market with focus and energy. Because of some lucky sales at one nearby outlet, he had a huge supply of measuring cup sets he could unload at low prices. He did not immediately rake in cash; he needed to win the buy box. However, Daniel's low prices got him a steady number of orders to grow his seller rating. After a few months, he got buy box time, and his measuring cup sets sold extremely well. Soon after, he took advantage of another local sale on silverware, and his store really took off. Daniel now has had a six-figure salary for three years.

The contrast in outcomes for Daniel's two attempts at selling are stark. When he did not consider what to do with the products he was selling, especially how to find a spot in an existing market, Daniel ended up losing over \$5,000. Later, with considerably less start-up money, Daniel was successful. He took his time, found a market he had a competitive advantage in—lots of local vendors who could supply him at low prices—and used that advantage to gain a considerable foothold. (Also, while not the focus of this story, it is important to note that after his store did not immediately start selling, Daniel stayed calm and waited to see what happened when he was eligible for buy box time. That levelheaded attitude can be a seller's saving grace.)

Learn from Daniel's story. Take your time choosing your product and your market. Figure out where you have an opening to start selling. Do your research and spend your money wisely, whether it's \$5 or \$5,000. If you make habits out of all those practices, you can skip the first half of Daniel's story and get right to the second.

Part 2:

Building Relationships with  
Your Supplier

Chapter 9:

Importance of a Good Supplier Relationship

In Part 1, we discussed the importance of finding consistent and professional suppliers. Part 2 will go into the specifics of how to

manage a trusted relationship with those suppliers. There isn't much use in finding people you want to do business with if they do not see you as a capable partner.

However, before we get to that, you must fully understand how to evaluate each supplier. You need to be able to figure out whether you can trust a vendor, as they will have quite a lot of power over your business. No matter how successful you are, if your inventory dries up and your suppliers cannot or will not help you, you will have major trouble. Avoid such a problem is crucial; finding reliable, dependable vendors should be your main focus before launching a store.

The impact of overlooking a shady supplier can be huge, no matter how successful a store is or how secure in the market it appears. Imagine you are almost a year into selling. Traffic for the store is high, profits are high, customer reviews are high; all signs point to a positive future. Because of this success, you have accumulated a lot of reserve capital, and decide it's time to launch a new product. You sell vintage gaming systems and decide it's time to add the original Atari 2600 console to the collection. They are not easy to come by, so you search for a long time before finding someone with a decent supply.

Unfortunately, another side effect of your success is you have stopped worrying about unreliable suppliers. As soon as you find someone willing to sell you a set of the consoles at a reasonable price, you immediately swipe at the chance to add them to the store. Maybe a year ago, you would have been more patient and careful about quality. However, now you're overeager, and the Atari 2600s are on the market in days. Pretty soon they start to sell, and you make a steady profit.

Then, the customer feedback starts coming in, and the whole business takes a dark turn. Apparently the products were priced low because they were unreliable. Most of them break down within the first week of use, and some never work at all. Now you have twenty people clamoring for their money back. Not only do you now have twenty bad reviews making you look unprofessional, you must spend days answering everyone's complaints so they don't send direct criticism to Amazon—a move that would compound problems greatly. Taking a loss on twenty bad consoles hits your money reserves, and negative feedback lowers your buy box time with every item you sell. It takes months before everything is back to normal, and half a year before you can consider adding new products again.

All those issues could be avoided if you had been patient, checked out more suppliers, and carefully tested samples to make sure they worked. You will find that on many occasions, taking a few extra days in January could save you months in June. Knowing when you should move quickly and when you should be careful is key. Choosing suppliers is, as a rule, the latter.

One final note on good suppliers: when you decide to form a relationship with one, you may end up signing a contract. In that case, a hugely important detail is making sure you pay upon delivery. If a supplier cannot provide you with the items you need, that is bad enough. However, the problem compounds when you lose money as well. Good suppliers will

probably agree to this, and bad suppliers may cause problems. In this instance, a wise move is to consult a lawyer to hash out the exact details.

### Finding Reputable Suppliers

In Part 1 we covered some characteristics of reputable suppliers. However, there are more personal and specific tactics you can use to test someone's quality. Of course, always go for the big points first. Look for suppliers who have been around for longer; established outlets are generally more stable. If the supplier is a large business, they can handle market turbulence to a greater degree.

Professional treatment from a supplier is also huge. You must give it to get it, and that will be covered in future chapters. However, you should be looking for someone who is polite, attentive, and informed. Wearing nice clothes and working in a nice office is a plus, but behavior is what really matters. Don't discount someone based on how they look. As far as suppliers go, an alert co-manager of a Target can be infinitely more helpful than a careless executive. Judging character can be difficult, but your instincts will develop quickly if you follow these simple ideas and stay focused.

As far as personally ensuring product quality, as our Atari seller should have, testing a product yourself is great. Before making a big purchase, check out what you are buying to make sure it's in good shape. Hopefully a supplier will let you do this for free, but if they can't—or won't—then a little spending is worthwhile, as it could prevent a big loss. When buying the Atari 2600 consoles, if you had gotten one or two and taken them home for a test run, the glitches might have been obvious. You would have lost \$100 and a day of work instead of \$1,000, some of your reputation, and possibly weeks of dealing with angry customers.

For high-volume orders, you cannot always be certain. Examining a significant portion of some major purchases would take too much time; especially if you are buying long distance. A great deal on one hundred sets of dinner plates might require you to examine two or three, evaluate the risk based on other qualities of the supplier, and decide to take it or leave it. These can be stressful choices, but nobody said being an entrepreneur was simple.

### How a Good Supplier Can Help You

Navigating the offerings of various vendors to find genuinely reliable outlets that sell for good prices is obviously difficult, but incredibly valuable. You could possibly build an entire thriving store based on one robust relationship, although that is a poor choice. Having many suppliers is smart, as even the most well-intentioned, trustworthy supplier can face disaster and cut off your source.

However, when your suppliers do stay strong and consistently deliver your goods at a decent price, entire product lines are much easier to craft.

Not only can a stable supplier help build a steady stream of inventory for one item, they might point you toward other suppliers that could be of use for a similar product. This is where you form the beginnings of a supplier network. Combining a professional operation on your end with purchases from a string of connected outlets who all function robustly can generate substantial profits.

What good suppliers really provide is stability. Whether that comes in the form of a consistent stream of the goods you need to fill your inventory, a source for high-quality goods to strengthen your market position, or low-cost materials that keep you competitive against bigger vendors, suppliers are the bedrock of a profitable store. Always be on the lookout for new outlets that could be useful in the present or future, and keep your eyes open for danger signs, like a lack of professionalism, fall-off in communication, late deliveries, and of course, poor-quality materials.

## Chapter 10:

### Supplier Redundancies and Risk

Another concept that is important to remember and something that can save your business is redundancies. That word can mean many different things, but in the context of a supply line, a redundancy is synonymous with a backup vendor. You need to build relationships with—or preferably buy from—multiple vendors for the same product. That way, if you encounter a problem, you have other vendors that can handle your needs. Having redundancies is a way to protect a store if one of its suppliers goes under or is unavailable for an extended period. They are a safety net so that someone else's problem doesn't become your responsibility. Capable merchants utilize redundancies whenever possible, either by splitting up their needs between two suppliers or at least keeping track of a second in case the first can't do their job.

This applies especially to technology or anything complex with many different parts that are necessary to function. However, even simple industries can have problems. For instance, a person selling homemade airplane models probably needs a steady supply of paint. If that person has one supplier for all their paints, and that supplier has a factory fire that forces them to shut down for six months, it is going to be hard to make models; that merchant is in trouble. However, if the model-maker found two reliable paint suppliers and split his needs between each, his situation would be much more secure. He could survive one paint vendor being out of commission for a few months by transferring his paint needs to a single supplier. That is called having a redundancy; it stops disaster if something breaks down.

This concept exists across industries; a prime example is NASA. They meticulously install numerous redundancies in every part of every system on each spacecraft. Without going into too many specifics, NASA notably

requires quintuple-triple redundancies for the main flight computer on all shuttles. Every shuttle must have five computers all capable of flying a mission on their own, and within each computer there must be three separate redundancies that would have to malfunction to stop the computer from doing its job. Essentially, fifteen independent circuits would all have to break for there to be a serious problem.

If you are wondering how this anecdote relates to choosing good suppliers, it's simple: good suppliers can have your back in case of the unexpected, whether acting as a redundancy or not. NASA goes to the lengths they go to because space is hard to predict, and they have quite a lot at stake. While maintaining a store isn't as consistently shocking as launching a space shuttle, you will face unforeseen problems on a regular basis as a merchant. Fifteen redundancies in your supply line is overdoing it, but having a few backups is a wise choice.

#### Risk and When Redundancies Aren't Possible

Unfortunately, depending on what you sell, redundancies might not always be an option. If you focus on rare items and can only find one supplier for a certain good, it is difficult to lower your risk on that product. You must emphasize staying professional, paying your bills on time, and hope that the supplier comes through. Accepting a degree of jeopardy can be the best route in certain situations and for some items. Remembering redundancies is important, as it will help you evaluate a supplier based on risk as much as anything else. You should be seeing products and suppliers as value to you and your store, and high risk diminishes that value. While this poses potential problems for your store, there is a simple way to lessen that.

If you can't moderate risk by having more than one good supplier for an item, moderate that risk by having many trustworthy suppliers for your store. Vendors have as much influence over you as their supplies have over total profits. When you need one supplier to sell two-thirds of your products and don't have redundancies, that supplier obviously becomes extremely important for your future. That vendor going under will hurt you immensely. They can also raise prices, and you will have limited ability to control the situation. If you are using only a few suppliers for all your items, they have the more commanding position and can exploit it.

On the other hand, if you sell many different items from a variety of different suppliers, one or two bad vendors cannot hurt you much. No matter how risky or predatory they are, that supplier cannot have great impact on your profits; if they go out of business, you still have many other suppliers filling your inventory. Because they have low impact, you can afford to take a few chances on suppliers. That is why selling many products from many suppliers is smart; it keeps you safe and raises the value of everything you buy. If, on top of that, you have redundant suppliers to back up the outlets you buy from, your store will be secure.

If you invest in the stock market, you may be familiar with a similar concept: diversification. A primary example that works because of

diversification is a mutual fund. Also known as portfolios, mutual funds are different from regular holdings; they are a combination of many different stocks and bonds that brokers determine to all be secure. It is a way of providing stability in an unstable environment. Your returns are coming from a variety of different sources, so if a few do poorly, they won't affect you much. Your investments are diverse.

Imagine all your suppliers like a mutual fund. Focusing on making smart choices with each supplier can only take you so far. Even if you have great instincts and work hard, some of those decisions will be wrong, and the suppliers will be bad investments. Bad luck is also always a factor; the world is unpredictable, and even the best vendors might take a hit. If you put all your money into only a few suppliers, the whole fund could take a dive. On the other hand, if you have many carefully chosen suppliers, your risk is spread out, and several poor selections that go wrong won't spell doom for the whole enterprise. That is the power of diversification.

A wide range of products with many suppliers, each backed up by redundant vendors, can provide a greater degree of safety in potentially perilous situations. Always be on the lookout for more vendors to work with. If you buy from a great local hardware store, you should also know about two others in the area in case the first raises their prices. If you order cheap golf balls online in bulk, be ready to purchase from a different site in case the primary supplier discontinues that order. Redundancies are about being prepared; the market is a volatile place.

## Chapter 11:

### Understanding and Evaluating Quality

In the previous chapter, we discussed sampling a supplier's goods before making a commitment to them through a big order. However, it is not always clear how to do so or what you should be looking for in an item. Not everything shares the same necessities. While dish soap and other hygiene-related products should smell good, scent is not as important when it comes to a pair of headphones or television set. Lumber for crafting furniture needs to be sturdy, but the same can't be said as strongly for a model train set. You need to know what you are looking for in your products and how to find it.

This is where both understanding your product and understanding your customers come into play. When you are selling an item, you should know about all the common problems that accompany it. Customers will notice obvious, surface-level issues quickly, but quality control requires a knowledge of less notable complications that can plague buyers. For instance, a pair of shoes is primarily judged on how it looks, and if it is an athletic shoe, how it performs. When shopping online, that's pretty much all a customer can do—critique based on looks and price.

However, obviously quite a few other characteristics matter. Many sneakers have durability or width problems, some are overly heavy, and others retain bad smells or don't breathe well. Dress shoes can have similar difficulties--heels break, slip, or even squeak, and every type of footwear can be uncomfortable. None of these are apparent online, and a seller describing the shoe as durable, comfortable, and balanced won't add much confidence, especially if they are pricing at a discount.

You need to be able to get into the heads of your customers. Buying something online requires a leap of faith. People are all aware they could be getting ripped off every time they make a purchase, so when they buy from you, they are implicitly showing trust. To reward that trust and keep people coming back, your products must dodge those common problems. The only way to do that is to test your suppliers' goods (or your finished products) before putting them online.

As usual, finding the right products is all a matter of paying attention and doing a little bit of work. If you are selling a pair of men's sneakers and you have taken the time to learn what makes that product good or bad, test it out. Compile a list of everything you want out of that product, buy a few pairs of sneakers, and go down the line. Do they fit? How heavy are they? If the sneakers are for playing basketball, run around in them. If your feet stay cool, they breathe well.

The same process works with anything you want to sell. If it is an omelet pan, make some omelets. Is there enough space? Are the sides too steep? Does the pan heat up fast enough? How easy is it to clean? Once you know common problems with something you want to sell, you can properly evaluate that item. Obviously, you won't be able to test everything yourself; but don't let that stop you. Knowing these products is important, so involve other people if you need to. Use the product and put it through its paces.

Customer reviews of a product will help you in this area as well, especially if you are new to the item. When you are assembling a list of what you want out of a product, your research should include reading feedback. Customers will inform you of what they want, and it might not always be obvious. For instance, a sleeping bag shouldn't only be warm and comfortable; lightness and how easy it is to stow matter as well. For someone not used to camping or hiking, that could be new information. Remember, if customers write reviews, they are probably serious about whatever they're writing. People who don't care don't take the time to write a review.

#### How High-Quality Material Can Benefit a Store

If you use a thorough testing process before buying a lot of some product, you can maintain a reasonable level of quality even on the smallest budget. People will be much more likely to approve of your products and leave you good feedback. The key to a good profile is extensive confident feedback. Over time, as good feedback grows into an increasingly stable seller rating, your body of return customers will grow. A steady audience for your goods will give you opportunities to



give good service. If you take advantage of those opportunities, your buy box time will continue to increase on everything you sell.

High-quality products increase your customer satisfaction, buy box time, and overall profits. Pursuing suppliers who help you attain that level of dependability is a huge step forward for any store. That is why testing products and evaluating the quality of your goods on a consistent basis can make a huge difference in profitability over time.

#### Keeping Track of Sales Fluctuations with Changes in Quality

After you have gone through the steps of learning about your product and what your customers want from it, testing various suppliers to find the right one, and finally putting the item up for sale, you must keep track of the financial success of that product. It is not enough to just set up a product well; vetting (screening) doesn't guarantee quality. Even if you aren't getting any requests for refunds or too many low reviews, you have not necessarily made the right decision.

The market shows how good or bad a product is by how much of that product is purchased. Most people will not leave a review of the product they bought, but that certainly does not mean they are indifferent about it. Real feedback comes from sales numbers. If you sell a lot of a product, then it is of reasonable quality, at least in relation to price—as a product gets cheaper, customers will be willing to tolerate increasingly lower quality—and you have chosen your supplier (or suppliers) well.

Of course, charting a product's sales figures over time is crucial. Utilize data tools at your disposal to track how well a new item is selling. Give it a few months in the market before making a judgment about whether customers are accepting it or not. If it sells well for three months, your product is good and you should keep working with the same supplier; if not, it might be time to try buying the item from a different outlet. Using data tools and setting time tables is covered in the Second Quarter.

If you do end up dropping a supplier for someone who can offer higher quality or better priced goods, make sure to do so in a polite and professional manner. Give the outlet fair warning of your decision so they can make necessary financial arrangements. Leaving another business in the lurch with a sudden loss in revenue stream can be extremely damaging, and avoiding that behavior is the right thing to do.

Maintaining good relationships with old suppliers is practical as well as the professional and moral course of action. If your new supplier does not work out—whether they're unreliable, their prices aren't good, the products they deliver are low quality, or some other reason—having your old supplier still open to do business can be helpful. Your previous supplier is certainly not guaranteed to want to reinstate a partnership; however, it is much more likely to happen if you leave on respectful terms. Business can be rough, and keeping up relationships might help you out of a jam in the future. It should be your general policy to be

courteous and considerate to other entrepreneurs, for practicality's sake if nothing else.

## Chapter 12:

### What Can Help a Relationship with a Supplier

Once you have decided upon the suppliers who are best to work with, do everything necessary to retain their favor; make the supplier want to do business with you. You can accomplish this through being professional and reliable; essentially, you must convince the supplier they can trust you as a client. Just like you don't want a supplier who will suddenly miss a shipment, they don't want buyers who will be late on payments or cancel purchases without warning.

Several aspects of your behavior matter when winning the trust of a supplier. First, and most importantly, you must pay for your purchase in full and on time. This will not be an issue at first, as you won't have any choice. However, as time goes on, you build a relationship with a supplier where you are sent goods monthly. In that situation, you may be paying remotely, with each payment due on a certain day. Preferably, a contract has been signed and you only pay for items once you get them, but that is not always the case.

Imagine you are running a spice store, and one of your suppliers is responsible for refilling your cinnamon inventory. The vendor delivers you \$200 of cinnamon on the first of every month, and you wire her a payment by the 5th. At first, she's cautious; you're a new buyer, and she doesn't know whether she can trust you. However, as you make payments on time every month, she increasingly starts to see you as a legitimate business who can reliably provide revenue. As a result, she might start shaping some of her practices around the money and business you are providing; disrupting that could be a costly error.

As months go by, your business grows as well and your needs increase. After half a year, maybe you decide the store would benefit from \$400 of cinnamon instead of \$200. You can't find any other good cinnamon suppliers in the area, so all \$400 is going to come from this one supplier. If you have built a relationship based on reliability and mutual dependence, the vendor may give you a discount for a bigger order or be willing to give a little more time to get paid. Maybe all you get for your consistent payments is a quick yes to your request for more cinnamon; however, you will have benefited from professional behavior. Suppliers trusting you and respecting you is never a bad thing.

Cultivating the practice of paying vendors on time is wise for internal reasons as well. Reliability forces you to stay organized and focused. If you allow yourself to pay late, likely other things are slipping through the cracks as well. Organization is key to avoiding little slip-ups, and

if you force yourself to stay on top of your supplier payments, you will be better at staying on top of your finances in every aspect of the business.

#### How Good Communication Is Crucial to Staying on Good Terms with Suppliers

Of course, there will be times when your ability to pay or accept shipments or handle other aspects of your supplier relationship will be compromised; it's unavoidable. A time may come when your inventory is full or your bank account is low and you have no choice but to inconvenience your supplier, maybe through no fault of your own. When this happens, you must communicate with your business partners.

If you are well in tune with your shop, a problem with payment or delivery won't pop up out of nowhere; you'll have a few days warning to prepare. As soon as you become aware, call your suppliers and let them know. Be clear about the situation because minimizing a mistake might only make things worse. If you take a big financial hit and know you won't be able to pay for two months, don't say it might only be one. It is better to assume a problem is worse than it is and later make a positive adjustment than to sugarcoat the issue and eventually call again to inform the supplier things have gotten worse.

Staying in steady contact should be your policy in good times as well as bad. Keep up a dialogue with suppliers about potential changes to orders in the coming months. Inquire about new products or shifts in pricing. This will help show that you care about the relationship, and potentially remind the supplier of important information. They will be less likely to forget to mention a possible future shortage if you speak with them often. Again, remaining connected demonstrates that you are committed to your business, further emphasizing your professionalism and reliability.

#### Letting a Supplier Know What You Want

A supplier should know more about you than your name and whether you pay on time. Don't be secretive; if they inquire about your background, reply openly and honestly. Remember, they are probably evaluating whether they want to do business with you as much as you have done so with them. Showing that you have nothing to hide will speed up that appraisal.

While staying in contact with the supplier, as previously suggested, make sure they know a little about your store and what your goals are. If you sell spices, the supplier should be at least slightly aware of where the business is going and how you hope to expand in the next few months or years. The supplier can then prepare for eventual shifts in expectations, and the information may even prime them to make a few changes in their own operation to accommodate your needs.

Again, knowing more about a store will forge a stronger bond between the supplier and the business. That information makes you seem more real, and showing you have plans to grow your business shows ambition and organization. Everything you can do to build a connection with your

supplier will help you. An open dialogue with business partners will keep the free flow of information strong, build trust, and ultimately lead to a mutually beneficial enterprise.

## Chapter 13:

### What Can Hurt a Relationship with a Supplier

Of course, because money and consistency are the keys to trust, shortages and ill faith are the foundations of doubt. There is no quicker way to lose the confidence and goodwill of a business partner than to not pay them when your money is due. Lack of compensation makes you seem unprofessional and throws your operation into a negative light.

More than that, late payments are a hassle for the supplier. Go back to the example of running a spice store. The vendor delivers you \$200 of cinnamon on the first of every month, and you are supposed to wire her a payment by the 5th. In February, you are disorganized and she doesn't get her money until the 8th. One mistake is not going to destroy the relationship, but it's not good. Unfortunately, the next month you still have not corrected the problems with your finances, and she doesn't get paid until the 11th. Now she is probably suspicious. Not only are you being disingenuous by not paying when you are supposed to, but you clearly have problems with the financial operations of the business. Consistently being multiple days late is a clear sign of bad organization or a lack of funds.

When that is the case, you are probably not going to get any help from your supplier. If you need a bigger shipment, it may come at a higher cost or not at all until payments are on schedule. She is probably hesitant to trust more goods to someone who cannot stay on top of their current order. This missed opportunity could have benefitted your business significantly, but instead is hurting profits. Late payments are a result of disorganization and should be easily avoided.

### Acting Unprofessionally

When dealing with any other party, you should always act like a consummate professional. People who make their living in the business world cannot usually have the luxury of being lax with the people they work with. Adhering to a strict code of professionalism and respectable behavior is crucial whether you are negotiating a deal, discussing the future with a supplier, or doing anything related to running your store. Showing yourself to be a stable, informed seller will make your life a lot easier.

This is especially true when you are just starting out or beginning a relationship with a supplier. Setting up a meeting and then showing up

late could cause you problems. The same goes with being unaware of pertinent details of your store. Not being well acquainted with the products you sell, as well as the state of your finances and where your plans are leading, will result in difficulties.

Look at it from the point of view of a supplier. If you were contacted by someone who wanted to regularly buy goods from you but they weren't polite, didn't immediately know what prices were good, and were unaware of how much and how often they wanted to make purchases, you would probably be unlikely to give them business. At least, you might raise your rates to compensate for the risk of working with someone who is unsure of what to do.

On the other hand, if a person came to you knowing exactly what they wanted and when they wanted it, as well as a clear understanding of pricing structures and a distinct plan for growing their business, you would be much more likely to trust them.

Even after you have a steady relationship with a supplier, you must stay professional. When sudden changes in the market or your business occur, maintain your composure, both inwardly and outwardly. Obviously panicking is bad, but you also need to show the people you work with that your business can still be reliable. If disaster strikes, briefly suspending services from suppliers may be necessary. In that case, make sure that you uphold the partnerships you have formed. Stay relaxed, calmly relate whatever is going on, and assure everyone the problems will be fixed soon.

The same goes for responses to success. If you work hard and remain focused, you have a good chance to have at least a few stretches where your store grows rapidly. In times like these, you naturally feel a little more relaxed and confident. Those are both good attitudes if being relaxed doesn't make you unfocused and being confident doesn't make you careless. Remember, your suppliers are the key to remaining successful. You need good relationships, and becoming overly casual or unthinking can hurt them. Messing up partnerships with suppliers is a good way to swiftly end your store's speedy expansion.

Remain professional, whatever the situation. It shows you care about what you are doing and that you can stay composed. Remember the old saying, often attributed to Vince Lombardi, "Act like you've been there before." He was most likely referring to staying humble after scoring a touchdown, in reference to showboating in the end zone. In a broader sense, he's emphasizing that people need to be aware of their position in the world, and in history. This certainly applies to entrepreneurs as much as athletes. Whether good times or bad, remember that countless other sellers have been in the same place. You won't be the first person to hit huge sales, so when it happens, don't lose your head. At the same time, you won't be the first person to have a few tough months, so don't fly off the handle. Stay professional, stay in the zone, and act like you've been there before.

Working with Multiple Suppliers at Once

This issue is significantly less serious than not paying on schedule, and some suppliers might not mind at all. However, while having several redundant suppliers is a smart business move that should be encouraged, certain people might not appreciate it. Redundancies are for merchants who want to cover their backs in case a supplier goes under. Business partners could see that as a sign of mistrust and take offense.

The best action to take here is to try and avoid the subject. As a rule, don't advertise that you have other suppliers. Unless you are in aggressive negotiations over prices, all this does is breed bad feelings. You should always try to demonstrate confidence toward your vendors, as it will strengthen the partnership. If the topic of other suppliers comes up, don't deny having them; just emphasize that it is a safety measure you are in the habit of taking and not a statement about your low opinion of the supplier in question. This is likely not going to be a major issue; however, being polite and honest here is the professional move. Having redundancies shows you are aware that running a business can be volatile. Most suppliers won't mind, but be aware of those who do.

#### Not Staying Organized

You must remain organized for numerous reasons, one of which is retaining a supplier's confidence. If you are late for business meetings or Skype sessions, if you do not call suppliers when you are supposed to, and most of all, if you are not aware of the size and timing of orders you receive, suppliers might have major problems working with you. They should be able to alert you if something goes wrong as well, so being out of reach for long periods of time could be damaging.

Vendors need to be able to count on you to receive every shipment when it is sent out. You must be ready to accept the goods on time and have storage space available. If deliveries to you take twice as long as somebody else, the business won't look promising. Preparedness is key; you shouldn't be surprised by suppliers if you pay attention to scheduling and treat it with the energy and focus it deserves.

Good supplier relationships are all about making your partner's life easier. Get them their money when they ask for it, stay in contact as much as possible, and don't hassle them over deliveries. Show that being professional matters to you, and building trust will be a significant aspect of your dealings. All these behaviors combined can forge a long-term partnership that will generate profit for both businesses.

#### Chapter 14:

##### How Relationships Can Change with Time

Your goal should be to maintain good behavior over a long period of time, to the point at which the relationship between you and the supplier begins to shift. A good supplier will maintain good behavior as well, to your mutual benefit. The affiliation may have started out simply as two colleagues, but as you rack up successful interactions, trust between the two parties should grow. With this in mind, you can use the strength of a partnership to support the store's transition from start-up to a thriving business.

Expanding your outlet to sell at a high volume requires substantial inventory, and you will need an operation to meet that demand. That increase is going to come from suppliers, providing they can handle the necessarily larger orders. Smoothly transitioning means alerting your supplier to your future needs and making sure they can consistently meet higher quotas. If that is not possible, growing your business might mean severing some ties to former business associates in favor of larger vendors.

The bigger suppliers likely won't have a problem matching the growth in your store with a sizeable expansion of deliveries. However, some outlets may be too small to keep your stocks up to their necessary requirements. A crucial part of progression is recognizing when a vendor won't be able to meet your needs and complementing that need properly, either in the form of a different, larger supplier, or more preferably, another averaged-sized outlet to augment the original. Diversifying your supplier portfolio is the best way to move when expanding. As previously stated, multiple suppliers help to insure you against any potential problems. Splitting your needs between two or three vendors gives your store greater security.

#### Multiple Missed Deliveries or Mistakes

We have already reviewed how to handle, and hopefully avoid, any major problems paying for or accepting deliveries. However, equally crucial is to be prepared for supplier errors. When you do not get deliveries of necessary materials on time, products in your store might run out. Even if you have a huge product line and your profits aren't severely damaged, mistakes like that can be huge. While there is something to be said for leniency, make sure to let suppliers know of the severity of their blunder. If you are dealing with a company that has been around for years, this is unlikely; but anyone is capable of a misstep. A serious disruption of your supply line can cause major problems, at least in the short term, and if you allow problems to continue, these issues can plague you in the long term as well.

You need to watch a supplier showing signs of laziness or careless errors carefully. If you think someone you depend on is starting to slip up, make sure you have another supplier in line to take their place as soon as possible. Waiting to see if your fears are warranted or not is not worth the risk. Giving a vendor too many mulligans when they do not do their job can breed a lax culture where lateness and inaccuracy are allowed, negatively impacting your business.

Consider giving a supplier some leeway if you have a long relationship and they have been reliable most of the time. Sticking with a business despite a few mistakes is not a bad idea since finding other trustworthy vendors is chancy and time-consuming. However, if one of your suppliers is clearly becoming problematic—if deliveries are late, they lose payments, or especially if they give you items of poor quality—be ready to shake them loose. Carrying another inferior business is a great way to become less competitive. A vendor who consistently underperforms must be cut off. Unfortunately, entrepreneurs don't always have the luxury of being sentimental, and sometimes severing ties is the right course of action.

#### Changes in Supplier Products

Over time, a vendor's goods may shift in quality, either for better or worse. If you are buying food, the supplier might try more processed ingredients. If you are buying jeans, the supplier might dye the denim differently. Hopefully, good suppliers will keep you aware of any large changes to the goods they are delivering. However, you cannot always count on this communication, so consistently checking what you are buying is a must. Alterations to clothing will probably be obvious, but keep an eye on all goods to see that they have not changed overmuch.

Ensure you adjust your business accordingly if your supplier has changed the product. With luck, any adjustments to purchases will be for the better. The contrary will unfortunately be true sometimes, and negotiating a lower price or even severing ties with your supplier will be essential.

Handling a different version of a purchase is generally straightforward; accept improvements, and fight problematic changes. The real trick to this aspect of being a merchant is vigilance. Don't become idle on any suppliers. Keep an eye on all your goods and test them, even when things seem to be going well. Eliminate any surprises you can; stay in touch with how your products are developing. If the quality of what is in the store is shifting, always know why.

#### Halftime Report

The first two parts of the Third Quarter focused on maybe the most important aspects of being a seller: selecting products and choosing suppliers. Of the 1,001 things you'll do while working as a third-party entrepreneur in Amazon's online marketplace, deciding what to sell and where to get it could be the most impactful decisions you'll make. Doing these well could make up for a lot of poor choices in other areas, and making a big mistake here is difficult to overcome, no matter how clever your descriptions are or speedy your service is.

A man who has no idea how to set prices, writes boring product descriptions, doesn't pay attention to his competition, and is generally uninformed might still be successful if he finds a steady supplier of



product everyone wants but can't find. If that supplier does end up dropping off or jacking up prices, the man could be undone. On the other hand, a woman who does all her research and carefully considers every choice might face a grim future if she picks unsuccessful items to fill her store with at first. However, salvation might come if she starts doing business with a great supplier that will sell her high-quality products for low prices. These are decisions you cannot take lightly.

That does not apply only for your first months of selling, either. Even as a successful merchant with great profit margins and an excellent seller rating, a string of bad investments on items that don't leave inventory can put a major hurt on your business. Putting all your trust in a bad supplier can be even worse. Err on the side of caution when it comes to choosing who to trust and what major purchases to make. An entrepreneur's situation can change faster than you might imagine. After forming a major partnership with a supplier, merchants must put a great deal of faith in their new associates. If that merchant intends to launch a new product and pays a supplier ahead of time for what turn out to be defective products, that could mean a major financial loss. Stay alert for problems, even when things are going great.

Through it all, try to stay passionate about your work. Fill your store with things that are interesting to you, and if you can't do that, then at least learn to appreciate the crazy circus of online selling. If this business doesn't keep you on your toes and constantly turning your head, you probably aren't paying close enough attention. One of the best things about being a salesperson in such a competitive environment is you never know what to expect. The ground is always shifting under your feet. People who get too comfortable are usually the ones who end up going home with empty pockets. It's all about staying engaged and keeping your eyes trained for the next event to transform the market.

All four quarters in the series are filled with stories of sellers who have made it big by staying informed, focused, and relentlessly working until they found a way to be profitable. However, one part we haven't gone over is how some people felt after leaving the business. More than a few went into selling without much money and left as wealthy people. Some made hundreds of thousands of dollars, and a few are millionaires. Despite massive financial gains, they consistently mentioned how much they missed selling after leaving the business. The notable thrill with each new milestone is difficult to match in any other profession. Whether it is your first sale or your first 10,000 sales, the rush is hard to forget. Some people have described it like dunking a basketball or hitting a home run. It's the feeling of hours of hard work all coming to fruition at once.

The halftime clock is ticking down now, and Part 3 is about to get underway. We will be going through inventory management and specifics about Fulfillment by Amazon. Try to soak up as much information as you can. Those slam dunks aren't far away.

Part 3:

## Managing Inventory

### Chapter 15:

#### Managing and Growing Inventory Over Time

As your business expands, you will need to provide a greater supply of each item available for sale. More customers will be buying more products, and more experience means a greater chance of buy box time during a rush. Having a steadily stocked inventory is a must. You are also going to have to upgrade your storage space beyond what was there in the first few months of the store. Consistently running out of goods in high demand will lose you big opportunities, and it is a quick way to slow down store growth.

To prevent running out of product, stay away from too many new items at once. If you are selling dental hygiene products and you want to expand beyond toothbrushes and floss, don't add toothpaste until you have a lot of clear inventory. Customers may start flowing in for any item, but they can be hard to predict. Try to avoid running out of a new product by keeping too little on hand and ready to ship. Taking advantage of high-demand situations is key, and a low inventory prevents that.

#### Managing Your Inventory Page

Another key aspect of supervising your inventory is utilizing Amazon's highly useful inventory management page. Sellers Central provides a basic page that covers every item you have for sale and allows you to sort and examine your entire store in one inclusive summary. This is important, as it helps you stay on top of every product in your store. Some sellers may not have difficulty with that, but if you have hundreds or thousands of items in your store, keeping track of everything can get overwhelming without good tools.

The Sellers Central page includes every product in your store accompanied by a thumbnail of its picture; how many copies you have in inventory (this is updated consistently); the product's ASIN (Amazon Store Identification Number); the fees you are paying Amazon for each sale of the product; how much you are charging, including shipping costs; and the lowest price that product is being sold for by any merchant. That last piece of information is helpful, especially because you can raise or lower the price of any product right there. For example, if you see another seller is charging 20 cents less than you, the option to match your competitor's price is immediate.

Your Sellers Central inventory page makes it easy to change virtually every aspect of an item listed there, not just price. One click on the photo will take you to a page where you can upload a different picture. Placing a hold on inventory is available from that page, and you can navigate to the product's individual page to alter title and description. These alterations generally take effect instantly. However, some bigger differences, such as the image you are using, can take as much as a day.

You also have the option to affect the availability of the listing. If you have determined an item should be unavailable for sale, simply click a button on the far right of the page, and the item won't be available in your store. This does not delete the items, and Amazon will still hold the inventory if you are using their fulfillment services, and you can open the item for sale again at any time. However, this function is a great way to quickly crop items from your store if you do not want customers purchasing them. It is quick and allows you to be nimbler when operating in the market.

Above the main listings page are tabs that allow you to further filter your items. These include "Suppressed," "Quality Issues," and "Amazon Inventory Fulfills." The "Suppressed" and "Quality Issues" are dedicated to listing and providing reasons for all the items that cannot be put up for sale. Suppressed items aren't available to purchase because you have not given Amazon the necessary information. You might have to resolve issues with pricing or description before they will list it. To address this, navigate to the item's individual page and find out the problem. Items with quality issues are housed in Amazon's fulfillment warehouses and have not met some qualification necessary to be shipped or sold. This will be discussed in further detail later in this quarter.

You should already be aware of most of this information, or at least received some alert if a product has a problem. Rivals changing their prices won't always be apparent, but most other aspects of your product, such as quality control, will be. The inventory page is Amazon's way of organizing that knowledge for you, as well as providing a simple way to change some aspects of your store or navigate to the proper page to do so.

When put together, all that information gives you a comprehensive look at your store. The page allows you to sort your items based on any category, i.e. which item has the most available for sale or which item costs the most. When you are selling tens or even hundreds of items, this tool can be incredibly useful for previewing your inventory. Without this page, you would be stuck keeping your own records with less functionality. This comes with a Sellers Central account and will be extremely useful when trying to keep the business organized.

#### How the Page Can Help a Growing Business

Administrative tools such as Amazon's inventory management pages are crucial as your business gets big. With growth comes complexity. For your first few weeks the shop will be simple, but it doesn't take long before a few Microsoft Excel documents won't do the trick anymore. Handling all

the upkeep of a burgeoning retailer won't work if you have countless items with constantly fluctuating price and quality. There is so much to know. You'll need a carefully planned system to integrate and keep track of every aspect of being a merchant.

Imagine two new sellers, each with a successful business model. Both are growing steadily, gaining more customers, and starting to win more buy box time. Because of their achievement, they decide to add products to their respective stores. However, one seller maintains the same behavior, and the other starts using Amazon's seller tools as well as her own organizational system to keep track of her products. Which do you think will have a problem first, the one who isn't paying attention or the one who is? If you're the second seller, your profits will probably keep going up. If you're the first seller, good luck.

## Chapter 16:

### Managing Fulfillment by Amazon

Amazon's fulfillment service is an excellent tool that makes it possible for even the smallest outlets to compete with big companies. While you can do your own packaging and shipping, using FBA to handle some of the more tedious and time-consuming aspects will help you immensely in being an online merchant. FBA will often lower your costs, save you energy, and certainly award you a better chance at winning the buy box. This chapter will cover the simple steps required to manage FBA services.

This chapter will be relatively straightforward, as FBA is equipped with a streamlined interface that should not be much of a challenge. We went over Amazon's fulfillment program in the First Quarter, which you should have read; however, following is a quick summary. FBA was designed to grant third parties access to Amazon's massive infrastructure. It essentially gives merchants some of the major powers a big company wields over smaller outlets; this assistance levels the playing field and has worked wonders both for the sellers and Amazon alike.

Fulfillment by Amazon primarily is used for storage and shipping, and some customer service, although only when contacted directly. Once you have your products—whether made or bought—labelled, you ship them to the nearest Amazon fulfillment center, and they are housed until sold online. There is no minimum number of items you must have fulfilled. However, Amazon will occasionally set maximums based on a variety of factors. Often, if they believe there are too many of a specific item being stored already, they will stop accepting that product until demand goes up or stock goes down. Sellers may be limited, but the ceiling is high. You would have to send a great deal of shipments to one fulfillment center to have this problem. When a customer buys from you, Amazon will make the delivery without any more hassle. FBA charges fees for each item fulfilled; however, the fees generally come out to significantly less than it would cost you to do it yourself.

Registering for FBA is as simple as traveling to Sellers Central—where all major aspects of this service are controlled—and signing up. You must already have a seller account to be eligible, and you should handle that before anything else. There are no sign-up fees or any subscription costs; Amazon does not take a nickel until a customer orders a product. At that point, Amazon's fee depends on weight, shipping, and the price you charged.

The one major responsibility that comes with using FBA is matching Amazon's "e-commerce ready" standards. They have a detailed set of necessary requirements that come with every type of product. These standards are too numerous and specific to list here, but you can find them all on the Sellers Central section of Amazon's website. While some may be unexpected, you will have to get used to meeting them. Due to the extreme volume of orders they must handle, Amazon is strict about sellers keeping up with their stipulations, and they will send products back. Certain goods will have to be in plastic bags with airtight seals, and weight specifications can be challenging at first. However, after a few weeks of adjusting to the situation, most sellers have no problem getting their products to a fulfillment center and up to code.

If this is something you are having difficulty with, Sellers Playbook can play a role in assisting you. Especially when it comes to weight and size, some people have issues with consistently handling their items, certain large or heavy products especially. As part of a complete merchant package, Sellers Playbook can aid you in deflecting these annoyances. Experienced advice from people who have been through the tiresome process of figuring out Amazon's requirements can help speed you along past roadblocks that could hinder your store's growth.

Sellers Playbook can also help you look ahead to predict the costs of using FBA. Amazon is clear how much you will be charged for each item if you know the specifics of its weight, and they may charge an additional shipping fee for bulky products. This knowledge can help you manage how much money you spend on fulfillment and have a firm understanding of the financial implications of using Amazon's service.

While FBA is often a big help, it is certainly possible to fulfill orders on your own. If you feel capable of handling this part of the business at a cheaper price than Amazon and would prefer to do so, it is the right move. However, make sure you can consistently ship on time and that you have a safe, organized space to hold all your inventory for as long as necessary. If you cannot guarantee your products will remain in good condition while being stored, use FBA. A stack of toys or football helmets or whatever you are selling just sitting in your garage might draw water damage or other hazards, and insects can cause their own sets of problems. Factor in that risk when deciding between your own fulfillment services and Amazon's.

## What to Do with a Surplus

Throughout the course of managing your store, at times you will order more items than you sell, sometimes significantly more (this was covered in the Second Quarter). Having an excessive amount of a product in your inventory is known as a surplus. You must understand the proper way to manage a surplus, especially how to get out of it relatively quickly, hopefully without losing money.

The first step to take is to assess your inventory situation. When selling in a field where a high volume of goods are being retailed on a daily basis, local storage space might fill up and empty quite quickly. If you end up with one product sitting around and taking up space, this can hinder movement of other items still being purchased. It cannot last for long, as this could cause real problems for your entire store. Letting one bad purchase of a weak item disrupt your whole operation might entirely halt growth.

If you use Fulfillment by Amazon, a loss of inventory space is less likely to be an issue, as Amazon houses items for you once they are ready to be shipped. However, whether you use that service or not, you'll have to hold products until they are ready to be shipped. If you end up with cases from a supplier full of unfinished materials that you cannot even afford to turn into a final product, Amazon won't take them. They only house products that are ready for sale. For instance, if you are retailing handmade board games and you end up with one hundred half-finished games that won't sell, Amazon won't house them until you are ready to complete the games' construction. Even sellers using FBA can have storage space problems when facing a surplus.

## Using Low Prices to Get Rid of Overstock

The quickest and surest way to free yourself of this problem is to cut down the price on whatever item you are trying to get rid of. If your apartment has a room filled to bursting, half with itchy socks nobody seems to want to buy for \$4, cut the price to \$3 and they should start flying out the door. If not, slice it back to \$2, and you should have no problem. People respond to price more than anything else, and since a price change is instant, so is their response. You will find that improving the quality or special features of a product usually takes longer to boost sales than dropping the price.

You may have a hard time lowering the price, especially if it gets so low that you aren't making back your cost. However, if you have products sitting around for weeks or months gathering dust and taking up space, emptying your storage can be worth quite a lot. Clearing out your operation leaves room for new items that will probably sell much better. People sometimes have an unfortunate attitude of defiance toward cutting prices to sell off failed products. They don't want to admit that something didn't work, so it stays in their store, selling slowly. Letting a weak product linger like that is just going to make your work

environment cramped and cluttered, and keep you looking at the past when you need to focus on the future.

By all means, if you have a small basement room somewhere that's not being used, toss your thirty unsold copies of Rush Hour 3 in it and only think about them when you get an order; or, if you have FBA, they can handle it. However, if you're still holding on to forty discount pink-and-teal skateboards that haven't gotten an order for six months and are taking up half your apartment, don't hang that burden around your neck anymore. Cut the prices until those things are gone, and forget about one mistake; not everything will pan out.

Some items will have such a lack of demand that you may have to give them away or even throw them in the trash. It's depressing to do so, but remember, they're not doing you any good sitting around. Sensible and professional entrepreneurs aren't going to have huge piles of unsellable junk cluttering their office forever. Learn when to admit defeat and move on.

#### Finding Other Outlets for Storing Inventory

You may encounter a situation where you want to make a massive purchase or order for some point far in the future but don't want to have things hanging around, surrounding you for months. This is especially true when taking advantage of a big sale. The most common example is a local store offering a liquidation sale. In this case, the outlet is going out of business, so products are selling for as much as 75% off; it can be a great time to stock up on essentials for the coming months. Whether simple office supplies or an item crucial to the development or completion of your main product, liquidation sales are a huge boost to your finances when used properly. Keep your eyes peeled for great opportunities to stock up, and prepare storage space accordingly.

However, again, you don't want your storage space jam packed for a long time, or it can be a huge hindrance. Once your attic, basement, garage, or spare bedroom is filled, it might be time to enlist someone else. Being an entrepreneur means asking for favors sometimes, and temporarily using a friend's extra space might be the right move. Try not to clutter up your office or workspace too much. Working among towering stacks of boxes or piles of forgotten two-year-old product lines can slow you down. It is shocking how much of a difference having a clean area makes when managing your business. Do your best to keep long-term products neatly stored in areas designated for storage and not hanging over you constantly.

#### Chapter 18:

##### Problems When Suppliers Fall Behind

Suppliers falling behind can be a major problem for any merchant. If you have a high demand for a product that may be temporary, you can't afford for your supply chain to break down. Passing on a major opportunity to boost your selling rating, make significant profits, and build a customer base can be a huge blow. New stores won't often get those, so taking advantage of high-potential opportunities is crucial. You cannot allow supplier failure to stop you from bringing the necessary products to market.

Here is another situation where communication is key. As a consummate professional, you should always contact a supplier when a problem with your payments is imminent. Hopefully, your supplier is professional as well and will alert you if they are not going to deliver on a product you need. If they do so, you can prepare for the shortage. The last thing you want is to run out of inventory and miss a revenue source. Your first move after realizing a shortage is coming should be to raise your prices. Whatever item you are selling is worth more to you because you will have fewer units of that item. This will shift some customers to buy from different retailers so your products will remain available for longer.

#### Contacting the Supplier and Creating a Timetable for Shipments

Following the price shift, you will communicate with your supplier again about a timetable for the return of regular service. Continuing to consistently stay in contact throughout the whole process of mending the situation is important. Planning may be relatively simply if the supplier has a small problem with their finances or issue with a supplier of their own.

However, more significant shifts, such as major product loss, financial meltdown, or effects from a natural disaster might take months to fix. In this case, you will have to carefully set down a schedule. Their production capabilities might be damaged or destroyed altogether; you need to adjust based on which. If you are a domestic products vendor and a supplier has had a machinery breakdown in their liquid detergent factory, set clear expectations. The manager may be able to give you half shipments starting in three weeks and full shipments in two months. Upon hearing this information, take down the details and adjust your plans accordingly. Set a schedule and move on to find other suppliers to fill the gap.

In the meantime, the supplier rightly owes you something for your trouble and continued business during their time of decreased service. Their actions have inconvenienced you, and monetary compensation is warranted. This usually comes in the form of discounted prices for an extended period, as opposed to an actual payment. How much of a discount is up to you and will vary based on how much the supplier can afford and how much you have been disrupted. Don't take an incident like this lying down; the implications for your store could be big, and evening the scales is necessary.

If the supplier has shut down business permanently, many of these steps are useless. However, in that instance, get any of your outstanding



capital back. Don't allow them to leave with your cash simply because other aspects of their company have failed. Hopefully, you have signed a contract with the supplier requiring them to pay you the necessary funds. However, if not, legal action might be warranted.

Sellers Playbook would be helpful here. Navigating the American legal system and understanding certain business policies and positions can be tough. Outside help is a smart move in an area that seems designed to be complicated. Trying to find your way through and recover the money owed won't be easy without experienced aid. Sellers Playbook can provide that assistance, making your attempts to get your money back much quicker and probably more successful.

#### Finding a More Reliable Supplier

Obviously, this is the primary situation where redundancies come into play. If you recall, redundancies in this case are backup suppliers you already have a relationship with or are at least aware of. They are there to keep you from losing too much business when your main, best supplier is unable to give you the inventory you need. Redundancies might not seem important until a crucial supplier is disabled; then their usefulness will become clear, especially if you don't have any.

In the case where you don't have any redundancies, or not good ones, finding a new primary supplier should be a priority. Go through all the steps discussed in Part 2—checking for prices, reliability, professionalism, testing for high quality, and anything else that seems pertinent to you. However, when you don't have a robust main supplier, speed up the selection process. When first choosing a partner, spending three weeks or more looking for the right person to purchase your goods from, as well as building a strong relationship to found the partnership on, is the right idea. Unfortunately, a lack of primary supplier adds urgency to the situation. Sacrificing a little when it comes to pricing or speed is OK in the short term, especially if your original supplier will be back on their feet soon. Backup capital can help you weather the storm, and selling many other products in high demand will secure the situation further.

#### Shifting Importance to Other Goods

When you have lost a revenue stream due to supplier issues, you may have to shift funds to other products to keep your profits steady. If capital is not flowing to a product because you have no supply, spend on increasing the amount or quality of another item in your store, or even try another addition. If you are a spice salesman and your supply of cinnamon runs out for six months, you'll have extra money for those six months. It might be a good time to add nutmeg to your store; maybe it will become your best-selling item.

Some baseball fans might know the classic story of Wally Pipp. Nearly a century ago, Pipp was the starting first baseman for the New York Yankees, not a bad player in his own right. Unfortunately, one day Pipp

had a splitting headache and asked to be left out of the game's lineup. His manager, Miller Huggins, was dismayed to hear this, but Pipp assured him it would only be for one outing. Huggins decided to give Pipp's young backup a chance. That backup's name was Lou Gehrig, a future hall-of-fame player who started a record-setting 2,130 games in a row after taking Pipp's spot that day. Following Lou Gehrig's success, Miller Huggins was heard to joke that, in the future, he wouldn't mind if a few more players got headaches.

If that story teaches us anything, it's that the world is full of surprises. Supply line disruptions are a pain, but if handled well, they can offer opportunity. Prepare yourself for your business partner slipping up, and when they do, use that time to try something new. You might find your Lou Gehrig.

## Chapter 19:

### Inventory Safety

One of the biggest aspects of proper inventory management is finding the right place to store everything. If you keep your goods and supplies in an area prone to damaging or losing the products it houses, that is a huge problem. Everything we have covered in the Third Quarter, picking products you like and can make and can sell, selecting the right supplier, and setting the right prices are all wasted if water damage ruins your stock.

Imagine yourself as a retail arbiter who has just come across a dream find: seventy-five high-quality Lakers jerseys for 70% off at a liquidation sale. If you have the capital, you will almost certainly snap those up for resale at a much higher price; your profit margins are going to be big on this one. You cannot immediately send them out because you are filling some other orders, so the jerseys end up in a pile in your garage. Unfortunately, that night there is a thunderstorm, and the garage leaks right on the pile of jerseys. Next morning, you return to discover that three quarters of them are practically ruined after being covered in a pool of dirty water for fifteen hours. This would be a huge blow and something you could've avoided by checking that the garage was leakproof. Finding good products, spending lots of money, and losing half of them to improper storage is generally a matter of not paying enough attention.

As previously stated, while storing inventory is less of a problem when you are using Amazon's fulfillment services, you still must house products and supplies before shipping them to an Amazon warehouse. There will be time between creation, production, and completion, and items will have to go somewhere during that period. Even if you are in retail arbitrage, items will have down time, in some cases a week or more, while they just sit around. Every merchant needs inventory space.

So, you must choose your storage carefully. Don't throw crucial goods into the nearest garage or basement. While those certainly might turn out

to be secure spots to house inventory, you will need to make sure that the area (or areas) you choose is safe before utilizing it. This means checking for several main things: moisture issues, insect problems, and potential temperature complications, especially if a fire hazard is present. Don't store flammable materials near an intense source of heat, and keep electronics away from anything extremely hot or cold, as that can damage functionality. Insects can eat away at anything organic, including wood, and you must be aware of whether food is going to go bad.

Those are the most common inventory conditions to worry about; however, there are always more. Every space is unique and should be thoroughly checked for any problems, such as structural damage, before use. It does not take much to make a product unsellable, especially if your standards on value are high, as they should be.

#### Making the Area Safe

To avoid these pitfalls, the right move is usually to reinforce the space you are using, even if it doesn't seem to need it. Place your products on plastic mats or a tarp instead of directly on the ground. Your location should already have a secure ceiling that won't leak, but putting a covering between your inventory and the roof is still a smart move. Smoke detectors are a good idea everywhere, but make sure you have one close to your products. Some merchants store their goods in an unused area, and those are the least likely to have smoke detectors installed.

Of course, real security from intruders and thieves is something to guard against as well. Again, as with smoke detectors, most people are generally good about keeping their houses or apartments secure. However, you will mostly likely be using an out-of-the-way area, and those are most vulnerable to problems. Remember, strong doors with good locks are necessary. Your inventory might be valuable or easy to grab, and that makes it an attractive target to would-be thieves. Don't assume everything is fine; take this facet of your inventory as seriously as the others.

#### Paying for Space

Some people rent storage space, either because they have nowhere else to put their goods or to save themselves a few headaches. While this is generally a safe bet, you may encounter some problems with renting. First, there are no guarantees. Even if you are paying for a secure storage area, that doesn't mean you are going to get it. Cheap rental areas can have water damage as much as a garage or basement. And, no matter what owners might tell you, those areas aren't necessarily safe from thieves.

Second, your access to rented areas is limited. One of the most notable benefits of storing inventory in your home (or close to it) is that you have constant, quick access to your products. If you have stored something in a place you own, it's always available. Getting items from a

rented space takes more time, and may not be available 24/7. If you need something fast, rented space could be a problem.

Finally, renting space is not free. It most likely will cost more than improving areas close to your home. If you are sure of significant benefits to renting, this money might be worth it. Either way, your final decision whether to rent must take cost into account, and renting for any length of time will cost more than storing in a vacant part of your home.

To sum up, renting is not guaranteed to be more secure from various hazards than storing at home, and you'll have less access to it. Goods will be out of your control far more often, and renting costs more than improving an already available space. You should probably rent only if you have no available space to store your goods. Instead, spend a little money and time preparing space you do have; then focus on increasing your turnaround time so products don't need to sit in storage for an extended period.

## Chapter 20:

### Another Millionaire Seller and Inventory Management

Managing inventory well can quickly put your business on the road to success. You must find good suppliers to keep your inventory full, products that have a demand and won't stagnate in your inventory, and then store them efficiently and safely until they are ready to be shipped. Inventory, when properly managed, is the lifeblood of your store. Carefully keep track of every element involved, and profits will soon follow.

This is certainly true of a seller whom we will call Kelly. She is an excellent example of success born of competency and a drive to achieve. Many people's roads to their fortune in online selling were plagued with misfortune and difficulty; if that happens to you, do not feel bad. Kelly turned out to be one of the rare sellers who jumped right into big profits. No doubt, there was luck involved in her story; however, Kelly earned every cent she made. As we go through Kelly's story, try to pinpoint all the things she did right.

Like a number of Amazon millionaires, Kelly made her wealth selling kitchenware. It was a simple choice for her, as she was a consummate cook and knew what a good chef and a well-equipped kitchen needed already. She also had straightforward ideas about how certain items should work—what made a ladle good, common problems with pots, etc.

This knowledge was helpful when she chose her first goods. Kelly did not have much capital to begin with, so she started in retail arbitrage. She visited several local outlets and found some high-quality wooden salad serving spoons. She also found silverware and some simple sets of wine

glasses at another outlet. Kelly started out selling these goods, keeping her prices as low as she could to try and start building a following.

Once the products were selling steadily—she used Fulfillment by Amazon—Kelly returned to the original stores and found more goods that fit her store's theme. She was building an image as a reliable merchant for low-priced kitchen accessories. However, Kelly had a long-term vision for her store. She knew selling high volume was the way to really rack up revenue. Even though things were going well, she needed to make a switch. Kelly began a long search for a large retailer that was reliable, trustworthy, and cheap. This outlet needed to have the right quality goods while matching those criteria.

In other words, Kelly displayed exactly the kind of behavior we have been describing this whole book. She spent a long time finding a supplier that matched a careful set of criteria. This relationship would obviously have a huge impact, as it would be a significant monetary commitment for Kelly's store. Moreover, the risk involved in a new partnership would largely control her profits. Kelly's decision to switch most of her capital from steadily successful local reselling to bulk buys from a new outlet farther away was taking a big chance.

However, as you may have guessed, this risk payed off. All the time and focus Kelly put into choosing the right supplier yielded a great business partner: an outlet store forty minutes away. She wrote up a short contract for three months of simple silverware purchases to be paid once a month on pickup. Kelly traveled to the store herself to save money, and sent off the silverware to Amazon as soon as she could. Her customers responded well to the addition, and soon Kelly added many more products to the lineup, buying from a variety of different outlets. Kelly is now managing millions of dollars in revenue every year for a bustling store that keeps growing.

#### Why She Was Successful

A large reason for Kelly's success was her honest assessment of the suppliers around her. Kelly was aware of how important her decision of vendor would be. Growth from local retail arbitrage was steady but slow, and she was bored; however, Kelly waited around weeks before committing to a shift to bigger operations. That was a choice that could break the store she was so carefully growing. Predatory suppliers with low-grade goods might bring a death blow to a new store.

Her caution and attention to detail led to a partnership with a vendor who could easily handle large volume, was consistently open and ready to sell, had the right prices, and dealt high-quality purchases that fit Kelly's store. That supplier has fueled her business for years, and Kelly credits them with a large part of her success.

The benefits of having a consistent supply are huge. A retailer that can handle high-volume orders will do wonders for any merchant. That ability attracts a range of different types of customers. Not only do big orders spell big profits, they also bring in buyers with different needs than

regular people who purchase two to three sets at the maximum. Appealing to many customers is the surest way to gain a ton of sales and build your reputation in the marketplace. Entire stores are founded on being able to steadily sell a few products at low and high volume. Kelly expanded into a wide range, but really the silverware sets, and all the people they brought in, were enough to support her store.

Kelly's journey may seem a little charmed to some readers; she had an uncommonly clear path to success. However, throughout every fresh phase of growth she was thoughtful and took each step with care. She planned and was patient in the face of impactful decisions. Kelly's jump from retail arbitrage to a new supplier was risky, but being an entrepreneur is not without risk. In the end, taking that chance was clearly rewarded with a burgeoning store that churns out millions of dollars. Follow Kelly's example, and you may be in for a similarly bright future.

### Conclusion

That's the Third Quarter. Suppliers and products and success stories have been our focus. They may seem like the big dogs of selling, and they are some important touchstones. However, this game is massive, and there's always more to know. If you don't believe that, the remaining quarter should prove the complexity of being a merchant beyond a doubt.

Getting into selling can be difficult. Setting up your store, finding products, securing suppliers, taking care of all the little aspects that are necessary for the store to be successful—all those are only the beginning. Management gets more complex as the outlet grows. While you will become smarter and improve with time, the difficulty of your task will increase accordingly. Big businesses deal with more customers, larger supply lines, and a greater range of products. Kelly's store (from chapter 20) went from selling a few local knickknacks to hundreds of sets of silverware to a line of different products all coming from different suppliers. It takes a dedicated professional to keep up with growth like that. There is certainly a price for success.

Think of yourself like a MLB shortstop or a rookie point guard in the NBA; breaking into the game is hard enough. Unfortunately, as soon as you start playing, defenses begin to learn your weaknesses and try to exploit them. If you can't hit a slider or shoot off a pick and roll, they'll find out. The business world is similar. It will find your weaknesses and eventually leave you in the lurch. The only way to be successful in the long run is to keep learning and getting better. You must outgrow your environment.

The simplest and surest way to do that is to use Sellers Playbook, a program that can assist you with your endeavor at nearly every turn. Professionals with Sellers Playbook have gone through the countless steps necessary to be successful in a competitive market. Fighting through the ups and downs of the market is incredibly difficult. If you are an NBA point guard who can't shoot, Sellers Playbook will teach you a step-back jumper. Take the advice and coaching so you can move past any roadblocks.

At this point, especially if you have read the first two quarters, you should not need to be reminded of the vast scope of your opportunity here. When the job is tough, and you seem to be dealing with ten problems at once, remember what you're engaged in. Some people might try to diminish the impact of online retailing, and their voices ring pretty loud if things are going poorly. Never forget, their opinion shows a fundamental misunderstanding of the situation. Internet access is exploding to the tune of tens of millions of people a year. Countless wallets are ready to open for the online goods Amazon is ready to provide. Sure, the site gains more sellers every day, but that number is dwarfed by the increase in potential customers. The next time a person dismisses online retailing, realize that twenty years ago they were probably the ones "waiting for this whole Internet thing to blow over." There will always be a shortsighted-and often smug-section of the populous who, like the proverbial elephant, refuse to look up and see the obvious: society is at a turning point, and you are the one taking advantage of it.

Teddy Roosevelt, someone who certainly had vision, once famously said:

It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.

And on that note, the Third Quarter is over.

#### About The Author

Jessie Connors Tieva is an Executive for Sellers Playbook, Inc. She is a widely respected ecommerce leader and author. A self-made entrepreneur, her life is a true rags-to-riches story. Growing up for most of her childhood in a trailer in northern Wisconsin and later moving to an orphanage in Mexico in her teens, Jessie was hungry to provide a better life for her siblings and family.

With only six years of formal education Jessie has been featured on The Oprah Winfrey show, the front page of yahoo.com as a "Rags to Riches Millionaire", CNN, CNBC, MSNBC, The Today Show, Forbes and many more publications. She was also chosen from 215,000 people as a contestant in the first season of The Apprentice with Donald Trump and remains the youngest contestant who has been chosen and appeared on the show.

Jessie now has four incredible children with her husband Matt. Online retailing has provided them the freedom to travel the world, give to the charities they love, create incredible experiences for their children and

care for those in need. Jessie enjoys teaching others how to create financial security in their lives through their online retail sales and education. She frequently brings her family with her when she teaches domestically and internationally.

Jessie has been quoted saying "I believe everyone has a story, everyone has trials, everyone has tribulations but in the end it is about finding the truth inside of you and not denying it... following my light has led me to 'riches' yes, but what really matters is my soul feels rich. Never measure your success by the size of your bank account, measure your success by the peace in your soul."



# **PLAINTIFF'S EXHIBIT 52**

Sellers Playbook Fourth Quarter:

Amazon's Hidden Secrets For Sellers

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Jessie Tieva

This book is dedicated to all of the dreamers who turn their dreams into reality with hard work, recognize opportunity and taking action!

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About The Author

Introduction:

#### Fourth Quarter: Cheer on Your Sales

Welcome to the Fourth Quarter, the final installment of our four-part series on becoming a merchant on Amazon. You are closing in on the end of this lesson, and as the minutes on the game clock tick down, your excitement should be ratcheting up. Learning is the true foundation of a winning strategy. Knowing everything about everything should be your goal. Sellers who know the most are going to win the most. Never stop educating yourself—whether about products or prices, buyers or buy boxes, the more knowledge you cultivate, the better.

However, a thrill comes with loosening the “classroom” restraints and taking more of this responsibility by yourself. Your teachers will be everywhere, so always keep listening to them. But after you close these pages, you’ll be a bit more on your own, ready to jump right in to the frenzied world of being an online merchant. Vast potential is around every corner, selling anything, from the simplest of trinkets to complex marvels of modern engineering. The paths to riches are innumerable; you just need to find the right one. The path varies for everybody, and that is one of the most captivating aspects of Amazon’s online store. Sometimes, people make their fortune off the most eccentric subsets of a market.

This quarter is all about brand—how to create it, spread it, and protect it. We will be covering the fundamentals of private labeling, selling purely based on the strength of your reputation; spreading your image throughout the market, through advertising and careful crafting of your public face; and the basic structure of intellectual property and how it may affect you as a third-party seller in Amazon’s online marketplace.

Your brand is who you are and how the world perceives your store. An entrepreneur’s image is built upon their products, marketing, advertising, and how they conduct themselves in front of other people. You must preserve your brand’s integrity through reliable selling and ethical behavior. Casual use of other merchants’ intellectual property and price wars will crush any good reputation. Focus to keep your name unsullied; however, successful sellers accomplish this task.

This quarter also covers your role as a member of the Amazon merchant community. How you act around your peers can be a huge determiner of future business partnerships. Your suppliers won’t always be local outlets or manufacturers you go to in person. Some of your goods may come from agreements with fellow sellers for mutual gain. Keeping up ethical behavior, staying active on the merchant forums, and helping new sellers in need of advice will increase your standing among your colleagues. Customers are not the only ones who matter.

We will begin with private labeling, a form of selling that has launched the careers of many entrepreneurs. The beauty of this business model is its pure focus on the fundamentals of business. This type of seller does not often deal with flashy new products that come equipped with innovative features to draw in truckloads of customers; they must perfect basic skills of a dependable seller. Private labelers are like classic,

old-school basketball players who can't execute flashy dunks or fadeaway three pointers but are still successful because they can pass, shoot a midrange jump shot, and play heads-up defense. They buy low and sell high, take vigilant care of products, and are always on time. Private labelers aren't creators but facilitators, like point guards directing an offense or catchers marshalling an infield, and they are where we will start.

Part 1:

Private Labeling

Chapter 1:

Introduction to Private Labeling

In the first part of the Fourth Quarter, we are going to discuss another form of management that many have found to be an excellent—and relatively easy—way of generating income: private labeling. Much like retail arbitrage, private labeling does not require you to craft or manufacture your own goods; however, you are still building a brand. Simply put, private labeling—sometimes called private branding—entails purchasing goods from a manufacturer and branding them as your own. The name is often literally what merchants do: buy large quantities of a generic or unmarked products from manufacturers, and either slap their brand label on the item or repackage them into containers or wrappers with your company logo.

This differs from retail arbitrage because retail arbiters do not change the brand of the items they are selling; they don't have a personal brand (although seller reputation, another facet of your personal brand, still plays a huge role). It is important to quickly add that this practice is almost always done under contract with the manufacturer, and is not frowned upon in the sales industry. Private labeling is common, and many successful Amazon sellers will do it in addition to their main revenue stream from original products. However, many private labelers will not reveal who their supplier is for reasons we will cover later in this section.

This type of selling has positives and negatives when compared to more traditional retailing. Most notably, you have little control over the specifics of the product being sold, merely how it is sold. While some big private labeling outlets have strong contracts with their manufacturers, who give them more input about the final product, largely, private labelers must take what they are given. Manufacturers have more power in the relationship. Generally, a basic contract between a manufacturer and their private labeler guarantees a certain level of

consistent quality, but there is a lot of room for the creators to change the product as they see fit.

Manufacturers are sometimes hesitant to sell their goods to private labelers. It offers a new revenue stream, which is obviously a plus. Unfortunately, under the wrong conditions, they can end up with major competition from their own products and could take a loss, despite the revenue you provide. This is especially true for manufacturers who are successful based on the high quality of what they produce. For them, survival in the market is possible because customers are willing to pay more for superior craftsmanship. Often, viability depends on keeping prices low, as much as the reputation of your brand. Undercutting a manufacturer with their own products will pose major problems for that manufacturer. Therefore, some will be hesitant to work with you.

#### Major Examples of Private Labeling

However, this is not the case for many, particularly manufacturers who produce goods cheaply. In fact, countless businesses practice private labeling, although some do not acknowledge this. Many of the major outlets filling malls and lining city blocks have more than a few privately labeled products. The simplest and most notable examples are grocery stores. Big chains like Trader Joes, Dominick's, Hy-Vee, and Sam's Club all buy a variety of foods from a massive supplier: Richelieu Foods, and then sell those foods under the store brand name. A Sam's Club-brand frozen pizza and a Trader Joes-brand frozen pizza may possibly be the same product, both produced in the same Richelieu Foods factory. However, with different packaging, different marketing, and different pricing, they might as well be totally dissimilar.

Both products sell well enough to stay on grocery store shelves. In fact, store-brand items are increasingly popular in America. Recent surveys have shown that, more than ever, Americans are willing to ignore national brands and buy directly from the store. While this is partially due to an increased willingness to potentially sacrifice quality to save a few dollars, it clearly shows the power of private labeling. An identical frozen pizza is supplied to numerous national chains to be sold in thousands of grocery stores. Each chain uses slightly different names, packaging, prices, and deals for their item, and that's enough to make customers treat them like different products. How many times have you (or someone you know) mentioned that a certain store brand of an everyday purchase tastes better than other stores'? Studies conclude this is a common experience, and yet, most people are comparing identical products. The only difference is the label and the marketing.

Marketing is powerful, and that is why private labeling might yield steady profits without you having to build a thing apart from your image and consumer base. If you have a well-crafted brand, you may end up doing minimal work. People who have shopped from you before will probably be much more likely to shop from you again; they trust the store and the name. Many sellers who are already established with an audience and producing goods choose to add private labeling contracts to expand their revenue stream. The new line of items for sale can piggyback on your

preestablished label. It is helpful to fill your store with as many products as possible, simply because customers will be more likely to buy from a well-populated outlet. The two selling styles can be mutually beneficial; if you can manage both, it is a smart move.

The next several chapters will offer more information about private labeling, its strengths and weaknesses, and how it can help you. Of course, another excellent resource is Sellers Playbook, a comprehensive service that can assist you a great deal when establishing your private labeling services. Various tools designed to give clear and detailed information about the marketplace will help orient you and focus on the proper products to sell and audiences to target. Utilizing Sellers Playbook can make a good merchant great and slice your wait time for major profits in half. Strongly consider adding Sellers Playbook as well as private labeling as powerful tools to grow your online store.

## Chapter 2:

### Basic Tips for Private Labeling

While private labeling is a bit simpler than designing and developing an original product, be aware of several common mistakes you could make on your way to the market.

Private labeling can, in fact, be more chancy than regular selling, as many suppliers will only offer high-volume contracts for that service. Depending on the industry you choose, your supplier may insist on orders as big as six or seven hundred units. Orders that large involve a big risk on your part. For instance, if your first supplier for private labeling convinces you to sign a contract for five hundred plastic spatulas, and it turns out they melt easily, you'll probably end up with four hundred unsold spatulas and one hundred negative reviews of your brand. In the Third Quarter, we discussed all the potential problems a supplier could have, and how to avoid them. Later chapters will cover these issues further.

Unfortunately, large contracts are a chance you may have to take, as high-volume agreements are common. This is the case for two reasons: suppliers are often in a much better bargaining position than their buyers. They already are established with a revenue stream, reputation, and manufacturing facilities; suppliers can afford to be careful. From their end, an offer getting turned down because it is overlarge most likely won't be a harsh blow to their bottom line.

Suppliers also must cover themselves in case you begin attracting too much of their business. Remember, the supplier is taking a risk selling to you as much as you are buying from them. When you private label their products, you become a competitor for the same customers. This might not be a problem, but if they are selling their products under a personal brand as well—and many suppliers do this—then they could have an issue.



Suddenly, their brand isn't attracting as many sales because you are taking them.

Pretend a tire company, we'll call them Jaime's Tires, is successfully chugging along, turning out a steady profit along the East Coast. They aren't massive, but they produce sturdy rubber that can last through a lot of wear and has good grip. You want to sell tires and, being a clever entrepreneur, have noticed that Jaime's Tires produces a high-quality product with a decent price and consistent track record. You approach them about private labeling, and they agree to sell you one hundred tires—a relatively small order—to sell under your own brand. At first, it's a good deal for Jaime's Tires. They sold one hundred tires and made a substantial profit for little work. Unfortunately for them, you are a great marketer, and you begin reselling the tires you just bought quite well—so well that you take their business away and hurt their brand. Remember, most customers don't realize your tires and Jaime's Tires' tires are the same.

Surely, this is not a total disaster for Jaime's Tires. However, because you marketed the product so effectively, the deal was not great for them. This scenario doesn't happen often, but it is what many manufacturers who also sell under their own brand are afraid of. They don't want to lose business because you are too smart. Many will force you to buy a high-volume order to ensure that they get many sales from the arrangement. They do this also, quite simply, because they can. Even if the supplier exclusively sells to private labelers and has no personal brand, which many don't, you don't have a lot to bargain with. If you understand the scenario from the point of view of a supplier, it's much easier to accept that, unless you are lucky, your first order is going to be a big one.

Just a quick note of clarification: what a "big order" means varies based on the product. If you are selling toothbrushes, three hundred units is big. The more expensive the item, the fewer it takes to be a substantial commitment. The size of the purchase is measured in capital more than quantity.

### Choosing Products

Moving on to choosing products, when it comes to private labeling, the tenets covered in the Third Quarter apply to products as well as suppliers. However, marketing and contracts, which will be covered in future chapters, will require more of your focus.

The main difference is to make sure you ignore products that are driven by their brand already. Things like electronics are difficult because people generally buy based on who made the item. Cell phones, for instance, don't work well for private labeling. Most customers are loyal to iPhone or Androids. Even if you could find a small cell phone manufacturer, which is far from certain, demand would probably be low. The same often goes for computers and televisions. You need to find markets where people have a clear idea of what they want but are flexible on who to buy it from.

This is a matter of degrees. Of course, most large markets have established businesses that devoted buyers will know about, but some are much more flexible than others. No ironclad rules determine which markets are right or wrong for private labeling; however, consider some general guidelines.

First, products that sell (or don't sell) based on aesthetics can be a smart target for private labeling. A customer who wants to buy a bathroom towel set probably considers the way towels look to be a big part of their choice. While softness and absorbency are also important, looks matter a lot in this case. The customer might not care whether the product is a national brand if she likes the color pattern. This is generally true for pieces with any artistic value. Private labeling furniture might work well, especially if you are a small operation. National brands don't have the feel of a "personal touch" that an independent seller does.

On the other hand, avoid highly complex items. As stated before, electronics are usually a bad idea, as are expensive products and items where high performance is necessary for safety. Remember, your biggest enemy in private labeling is trust, at least at first. Consumers have no idea who you are and whether your goods are reliable. When you are small with few reviews and sales, and probably selling for a low price, you might come across as a little amateur. People will be hesitant to put their safety, and a lot of money, in your hands. Our tire salesman from earlier in this chapter might have a hard time getting his store off the ground. Tires are a product that can mean your life if you skimp on them and buy from someone who doesn't know what they are doing.

When you are private labeling, also try to avoid products that have prominent branding featured on the actual item. Shoes, for instance, can be a good private labeling choice—given the right supplier. However, avoid major manufacturers that plaster their logo and name all over the shoe. Part of your appeal in private labeling is being distinct from companies like Nike or Adidas, and a manufacturer that conspicuously features their logo on products can ruin the image you are trying to generate.

We'll close with a speed review of what you should already know about selecting a product. Choose items where there is relatively little competition and you can stand out in the market. Don't try to tackle a situation where hugely popular merchants have already put down roots. Another seller is less of a threat if they do not have many reviews, as their customer base will be small and potential new buyers won't trust them as much; target products being sold by stores like that. Choose something you understand and preferably are interested in. If the product is a mystery to you, you'll have a hard time marketing it, much less choosing the right supplier. Above all, make sure your supplier is reliable; they must be able to maintain a steady stream of goods while you grow the store. Foreign suppliers are an option, but vendors based in the US are easier to monitor and more likely to offer high-quality goods. Overseas stores, especially in Asia, are in flux right now due to rapid—often unchecked and poorly regulated—growth. They may be a more viable possibility in the future, but as of 2017, basing your store off overseas

deliveries is risky. If you need to review, all of this was covered in the Third Quarter in greater detail.

### Chapter 3:

#### Professional Help with Private Labeling

In all four quarters, we have discussed the importance of professional help and when it is necessary. Sellers Playbook is the obvious choice, offering not only expert support but extensive software provisions to guide you in the right direction with major decisions. However, there are times when your business is best guided by formal legal counsel.

When drawing up contracts with manufacturers with whom you plan to do a great deal of business, having a firm legal agreement with your supplier is extremely important. Having a lawyer present ensures that your agreement is solid. As a private labeler, your purchases are going to be extremely large and will take a significant portion of your capital. Don't get stuck with an inferior contract because you didn't pay for the necessary help.

Concern yourself primarily with three things. First, tightly define the product you are getting. If the contract is not specific about the exact details of what you're buying, the supplier could legally make substantial changes. It is highly unlikely a supplier would ever change a product completely, but important details might shift. Customers are sensitive to slight alterations, so you need to be too. Try your best to forge a contract that clearly describes the product being bought and sold; you don't want to end up with something unsellable because there is too much wiggle room for the supplier to cut corners or change their game plan.

For instance, a man, who we can call Kenny, had a contract to buy large shipments of wood screws, two inches long with a .25-inch head, every month. Unfortunately for Kenny, he did not realize that the contract did not specify an exact diameter for the screws' shanks—the section between the threaded area and the head. When the supplier varied shank widths without warning Kenny, it caused major problems. In woodworking, little problems with fasteners can cause major issues. Kenny had no legal recourse here and had to negotiate his way through the mess the best he could. If a contract had been drawn up with exact specifications on size, he wouldn't have had any problem.

Lawyers are expensive, and it is tempting to assume you can make your way through the contract process without counsel. Doing something yourself can save a lot of money, and your lawyer might not do much more than supervise and mediate between you and the manufacturer. Unfortunately, business transactions such as this aren't always that simple. You don't want to find out what it feels like to need a lawyer and not have one, because it usually will cost you a lot of money.

## Graphic Design Help

Professional advice is obviously not limited to the law. Marketing will always be an important aspect of any selling model; however, when it comes to private labeling, your reputation is all you have. One of the most influential tools to spread your name is a logo, and creating an effective one is more difficult to get right than it may at first seem. A memorable logo adds value to a product; using that mechanism to profit is how your business will be successful.

Many factors go into your overall brand, from product descriptions to fulfillment consistency, and different parts of each quarter in this series cover threads of that complex web. However, certain aspects of a brand are beyond our scope to fully discuss here. This, namely, is the graphic design of your logo. Creating a memorable, clean, and friendly logo requires special expertise. Most people can't achieve this knowhow without education and experience. You can make your own logo, but most likely it won't help you spread your brand much. Of course, this isn't a knock against the average seller's graphic design abilities. However, the science of understanding graphic presentation requires study. Most logos don't come along innately; they're carefully engineered.

A striking logo can do remarkable things for a company. FedEx, for instance, has loudly touted their logo as integral to their marketing. While it might seem simple, graphic design artists agree that the psychological effect of a good logo, such as FedEx's, can be tremendous. You may have noticed that the E and the x line up perfectly so the negative space between the letters forms an arrow. This is not an accident; graphic designers spent countless hours designing a unique font. The clean edges of every letter project a sense of competence and reliability, and the colors were chosen to stand out from other mail delivery outlets' bland patterns.

A well-designed logo can communicate instantly to the viewer using simple cues. Amazon, as usual, is an excellent illustration of smart marketing. The company has an arrow going from A to Z under their name to show they sell everything from A to Z; the line also curves to form a smiling face that indicates Amazon's friendly attitude. Facebook does this effectively as well with their lowercase F logo. It was designed to be as simple as possible to differentiate them from other social networking sites, such as Myspace and Friendster, which had become cluttered with excessive customization.

Good logos send a message. If you are successful, your message will go out to hundreds of thousands, or even millions, of people. Do you want it to be dull and uninspired, or do you want it to help you move products in a highly competitive market? Spending some capital on a graphic designer can amplify the power and quality of your message.

This is a great opportunity to get an edge on other sellers who don't take the time and care to craft their logo. Consider two identical rival sellers, each with similarly compelling names, products, and prices. The only difference between the two is one spent a few hundred dollars

concocting their logo while the other made theirs in half an hour and spent their money on a few more units of a product. Which do you think will sell a greater number of units? Probably the one who spent more on their logo.

A dashing logo builds a stronger connection with buyers. They see the design and think of your business; or even better, they will imagine your products. Customers with that link will more easily think of your store when searching for something to buy. Just as assigning a certain concept its own word makes that concept more prevalent, giving your store a memorable logo will make it easier to spread.

Every time you do your job better than your competition, your chances of success go up. Having a professional think out a good logo to stamp on each product you label can better your career a great deal. Despite short-run costs in money and time, enlisting professional help can be a huge benefit for you in the long run.

#### Chapter 4:

##### Competition with Other Selling Types

Your main competition when private selling will be with national vendors. They are making money pitching themselves as consistent stops for whatever you need, usually in a wide variety of fields. Walmart is especially successful at creating this image. Many people see the store, both online and at local retail locations, as a great place to cheaply purchase most, if not all, of the things they need. Some locations sell everything from hunting rifles to frozen pizzas to baby shoes. Their consistently low prices and vast variation are Walmart's greatest assets. People go there and spend all their money on everything they need, plus a lot of items they don't.

You won't be able to compete with stores like this, at least when it comes to their strong suits. After all individual sellers are combined, Amazon can take on giants like Walmart and Target; the site is doing an extremely good job of that, largely thanks to sellers like you. However, on your own, there is no matching their level of reliable variety and quantities. It takes too much capital and infrastructure to gather goods together and organize them to be fulfilled on schedule. That ground must be yielded to the big guys.

Pricing is a somewhat different matter. Big vendors like Walmart make a lot of money offering huge sales on products that are already priced awfully low. However, as a savvy independent seller, you can be competitive on what you charge, while offering higher quality on your goods. You'll acquire your products relatively in bulk as well (although not nearly on the same scale), so you can come close to matching, or even beating, their prices on a much more limited selection of items. This is not nearly as true for smaller sellers who don't private label, because

they generally purchase goods from their suppliers in much smaller quantities.

However, big box stores are notorious for the disastrous quality of their products. Whether a shirt shrinks and loses its color after a wash, or unwieldy patio furniture can't handle a drop of moisture, many large vendors sell bad products. (One retailer gained notoriety briefly for selling a line of outdoor grills that completely melted after one use.) These stores can manage this because they have a loyal customer base that will always appreciate not only low prices, but the convenience of having everything in one place. If you are disciplined and follow the supplier-choosing procedures dictated in the Third Quarter, you will find a manufacturer who can offer you reasonable quality at a similar price. The specialization and focus on a single set of goods is more likely to result in significantly better products, as opposed to an outlet like Walmart that makes every conceivable retail item.

#### Smaller Entrepreneurs

Your main rivals as a private labeler are the massive vendors; you need to fight with them for brand recognition. However, do not forget about the many small stores who are producing their own goods as well, as they do quite a bit of business. Most of the time, these stores' prices won't be too competitive. Little operations don't buy their supplies in nearly the quantities a private labeler or a big vendor will, so they pay more for each unit. They can't take much away from you there.

However, small outlets share one of your greatest assets: the appeal of the small operation. We discussed earlier how new stores have a problem selling complex or safety-oriented devices because customers don't trust them yet. That same image of an inchoate brand struggling to grow up in a competitive environment can work wonders for other products, especially for the cheap or homemade variety. When you are molding your brand, emphasize how you are independent and not some big company with an army of workers all over the globe.

While that image will hold up to some degree, it is less convincing when your products are clearly mass produced, which they often will be. If you bought 350 standard pots from a manufacturer that makes them in batches of 500, your store may not come across like Walmart, but it will be tough to compete with the merchant selling teal cookware sets that they dyed in their kitchen, each with unique imperfections. Essentially, when it comes to the tiny sellers, you'll compete on image. Price and product quality are lesser factors; if they have streamlined their operation and have good suppliers, small outlets will likely match you on both.

All three forms of business: super-high-volume vending; small, independent selling; and private labeling each have their own strengths. Each can make quite a lot of money, and everyone is competing for a slice of all the customers looking to spend their cash. In recent years, public opinion has started to shift in favor of the little guys, especially with the growing power of online retail and the emergence of Amazon as a market leader. But, every customer is still anyone's to win, regardless

of business model. How the merchants—or store executives—manage their stores will determine the future. As always, playing to where you are strong is the key to success.

## Chapter 5:

### Effects of Private Labeling on the Market

Private labeling is certainly shifting market behavior, specifically by taking large shares of the customer base away from big vendors. This is assisted by Amazon's development of its own private label brands to compete for sales, all under a program titled Amazon Basics. While this move by the host company sent many sellers scrambling, these outlets have not turned out to be especially different or more efficient than any other well-run private labelers. No doubt they have made their mark in some big markets, as Amazon's private labels are competently run and well priced. They also utilize the same fulfillment services as other sellers subscribed to FBA.

However, some of the less wary sellers have commented that so far, Amazon's private labels have lacked any exceptionally potent marketing strategy. The outlets do their job well, but nothing stands out about them creatively. Some technological innovations, such as Amazon's voice-activated artificial intelligence Alexa, have made a splash; however, experts believe they don't have lasting power. Think of Amazon as another tough competitor you must deal with, nothing more. If they outprice you or offer better services, they'll take your customers, but that's true of anyone.

### The Growth of Emerging Businesses

Private labeling is affecting the market essentially by amplifying the effect of third-party sellers in the Amazon marketplace. Sellers with original products would make a heavy dent into big vendor profit margins on their own; however, private labeling adds to that power. Without the advent of private labeling, only sellers with original products would be selling. However, now entrepreneurs without their own new items can be successful if they are capable of branding, fulfilling, and doing the rest of the traditional things good businesses do.

Manufacturers are changing as well, partially in response to a growing online market. Suppliers specifically geared toward selling to private labelers are becoming increasingly common. Private labeling is not a new phenomenon; however, its growth, especially since the 2008 financial crisis, has marked a change in the manufacturing industry. Fewer producers have their own brand, and far more sell to a wide range of branded outlets across the country.

A massive supply of manufactured goods has flooded into the market courtesy of contracts with private labelers. This new competition has put vendors on their heels as customers have started steadily slipping away. More importantly, all these third-party sellers, private labelers included, are contributing to Amazon's growth, and vice-versa. As Amazon grows, they expand to greater consumer coverage and outreach, especially overseas. This opens new opportunities for their third-party sellers to make money, who sell more and pour new revenue into Amazon. The self-perpetuating cycle sends the company into the stratosphere.

Private labeling lowers the barrier to entry for online selling. Once a person doesn't have to produce any goods themselves, they can act as a competent facilitator while taking some burden of branding off their suppliers. It gives people a chance to make a splash in the market, and it endows manufacturers with more buyers. This means you can become an entrepreneur armed only with a desire to make sales, no magic bullet or special-featured wonder required.

#### Preestablished Brands

While private labeling is beneficial for the market in general—consumers get more options, and manufacturers and suppliers get more opportunities—it does negatively impact preestablished national brands. Studies across the country show people are increasingly unaffected by brand recognition. They are more and more likely to try a new product over a conventional choice because it looks exciting or different. In other words, customers aren't getting turned off by Coke and Pepsi, but someone else's home-brewed cola sounds intriguing enough to spend a little more money on.

Unless you are an executive at a national advertising agency, or at Coke or Pepsi for that matter, this is good news. If branding can effectively paint your product as an intriguing alternative to the national brands, the trend of customers' antiestablishment enthusiasm will work for you. Taking money and customers from big companies can be your bread and butter. Your company will rake in revenue to the loss of corporations everywhere.

These developments spell bad times for the vendors who don't adapt, but that's the nature of the market. A business can never stay stagnant for long. The business world is built on an unsound foundation, and your footing can shift quickly. Learn from the example of who thrives now and who expires. The businesses that are still strong in ten years will be the ones who found a way to change their image. Competing with increasingly powerful small online companies and private labelers, such as yourself, is the next great challenge facing American big business.

In the future, you will also be in a market that is shifting away from your original business model. If you stay working, earning, and growing long enough, new market forces will come along and force you to change like other vendors are right now. Remember moments like this and how the companies in danger reacted, as it will be a good lesson. Until then, keep profiting off the strength of your position as an independent seller, and let the big vendors worry about themselves.



## Chapter 6:

### The Importance of Brand in Private Labeling

As you might imagine, a big part of building your brand is forming a positive reputation with consumers. They should know you, have a good impression of who you are, and know what they can expect when they buy from your store. Later sections will go into more specifics, but you can start by running an efficient outlet. It enables you to forge a customer base that is attracted to your store and will continually come back to check out new products or better prices. A good reputation makes people want to buy from you, and encourages the spread of your brand via word-of-mouth, which can be incredibly helpful. Customers recommending a merchant to their friends and families is a powerful motivator, and many sellers take their first big steps toward a fortune when buyers start endorsing them in person.

A person in private labeling must focus on attracting a reputation for being a trustworthy alternative to the big vendors. You should be seen as having the dependability and efficiency of a big company while maintaining some of the class and appeal of the small outlets; staking your brand in that middle ground will be great for profits. That is why fulfilling orders consistently is crucial. With effective marketing, labeling, and the right products, you can keep that "little vendor" feel that people generally like.

However, don't fall into the trap of seeming unprofessional along with it. Every time an order is delivered late, a product shows up on a doorstep damaged, or whatever you sell is of poor quality, a person's misgivings about buying from someone they probably see as a small, maybe inexperienced seller are confirmed. Customers like to complain in situations like that, and you can be sure that buyers' friends will hear about your missteps. Consistent examples like that can do considerable damage to your reputation, especially if the customer is an Amazon regular. Numerous popular Internet forums are gathering places where customers convene to discuss new Amazon products and the performance of high-profile sellers in different markets. Forming a bad reputation with those groups will hit your revenue streams hard.

Most people have preconceived notions about what the size of a merchant says about the company, whether concerning the quality of their goods, ethics of their production line, or likelihood that the products will be delivered on time. These ideas might not be fair or apply to you at all, but the reality is that many people believe them to be true. As a merchant, you are working with the good stereotypes and against the bad ones. When the average consumer looks at a big-box store, they see low-quality goods produced in low-quality circumstances, but most people have faith that they will get what they ordered, on time and intact.

One of the chief upsides for big chain stores looking to expand their online presence is a reputation for consistency. They have an image of stability generated purely from the size of their operations. It would take multiple major disasters to destroy all of Walmart's regional suppliers. When you are the seller, a burst water pipe might be enough. Best Buy has had problems in some consumer circles with high online prices for their big-ticket electronics. There are cheaper places to purchase a TV. However, by virtue of size, Best Buy has earned a certain level of trust; if you order this item, you are going to get this item. Unless a company has done an exceptionally bad job with their fulfilling, most get the benefit of that natural trust.

Not so with stores like yours. The medium-sized to small outlets must prove that they can fulfill on schedule with regularity. Here is where reputation building is crucial. Don't give anyone out there a reason to doubt your competence or question their trust in you. If you want to have a base of customers who all think you're an excellent seller, return to your store, and clamor to their friends about you, first, your store must be worth that commitment. Maintaining quality, delivering the right goods on time and in the proper condition, and handling all customer service with a professional attitude are the three best things you can do to prove yourself. Positive interactions with customers who give you personal feedback is important as well, but we will discuss that in chapters later on. Suffice it to say, keep a level head in the face of lots of positivity, and maintain a calm and cooperative disposition when working with people who are displeased. It is all part of behaving like a professional.

Make yourself stand out from the crowd of up-and-coming merchants by behaving like a six-year veteran entrepreneur whose business is already a well-oiled machine. Even if you are just beginning to work things out, don't act like it. If you make a mistake, acknowledge it, and don't use inexperience or ignorance as an excuse. Some customers might take that as a good reason, but they won't come back to your store or recommend you to anyone else. All the understanding and encouragement in the world doesn't mean anything if people aren't buying. Slap down the trappings that come with your station and prove through consistent success that the store is capable and well run. If you can prove you are as adept as a retail giant when it comes to delivering on a customer's payment, then your store won't be mired in consumers' natural mistrust for long.

Part 2:

Marketing

Chapter 7:

Seller Rating in Marketing

Marketing your store is a big part of success as a seller; you must convince people that you are worth buying from. In addition to products and prices, people will look at a seller rating to evaluate whether they should purchase goods from a store. It is a quick summary of your experience and your performance fulfilling orders. A high seller rating speaks well of your abilities, and having many ratings indicates reliability and consistency. Maintaining this rating should be one of your top priorities, and you will do so by running an efficient shop.

Not only will this rating make you look better to consumers and garner more sales and interest in your store, Amazon will award more buy box time to merchants with a high seller rating. We discussed the buy box extensively in the Second Quarter, but a quick reminder may help underline the importance of your seller rating—and the buy box can majorly affect sales, so it's worth a review.

On the top right of a product page is a box that contains price information, and the options to "Add to Cart" or "Buy now with 1-Click." That box is called the buy box, and more than three quarters of all sales are made through that box. When there is more than one seller for a product, as is often the case, the listed price and buying options are tied to a merchant based on a consistently updated algorithm Amazon chooses. Being the seller listed in the buy box is known in the industry as "winning the buy box." Amazon has not released the exact details of their algorithm, but merchants and industry experts everywhere agree it is largely based on a few key factors: lowest prices, fastest shipping, and highest seller rating. Keeping your seller rating high, preferably above 95%, will get you at least a little buy box time, even if your prices aren't competitive with other merchants selling you that good. Amazon has incentivized high-seller ratings by giving merchants with a higher score more access to customers. You make more money if the rating stays high.

Keeping that rating high is covered in the Second Quarter as well; to keep it up, always send orders on time and in good condition, work with customers who have complaints, and manage good customer scores in your feedback section. Amazon will award a strong seller rating to every merchant who can continue that behavior.

#### Increasing Review Numbers

Depending on how close in product quality a group of competitors is, seller rating can be important enough to sway a large swath of consumers to buy your good instead of someone else's. To this end, some sellers put a great deal of money into increasing the number of reviews their store has, especially feedback concerning competitive products.

Growing your number of reviews is simple. To give feedback, a person needs to have bought a product, that much is self-evident. A reasonably high percentage of all customers give feedback whenever they buy, especially if it is from a seller they are familiar with. So, if you are

trying to get feedback fast, slash your prices significantly (and put more money into product and store advertising, which we will go over in the coming chapters). Your revenue from that product might shrink to the point where you lose money with each sale. However, unless your reputation or your item is terrible, you should sell a lot of units.

Make sure the reviews you get during your discounted sales period are high. Just racking up your review numbers won't help if half of them are negative. When using a strategy like this, you should already be relatively far on in the sales process with a stable operation and reserve capital set aside for emergencies. Don't employ big discounts if you are not ready to fulfill a lot of orders or you don't have reliable suppliers who will keep you fully stocked during the rush. A ton of customer attention can be a bad thing if you are not ready for the spotlight.

Keep the item price low for however long it takes to accumulate a lot of positive reviews. Once you are ahead of your competition, you can raise your prices again. However, as you have sold a lot more copies of the item in question, Amazon will see you as a more dependable seller and give you more buy box time. Customers will also respond favorably to a merchant with far more reviews than her competitors.

#### Dealing with Bad Reviews

It is part of a merchant's life to get bad feedback from customers after a purchase. Even great sellers will gain a few negative comments; the laws of probability dictate it. If you are making many sales, you will get some complaints and low-star feedback. Read what the customers say, and if they have a valid complaint, remember it and try to make a change to your products or services.

Especially at the beginning, bad feedback might bother you. The honesty of the Internet can be a little brutal sometimes. On your seller page, every customer's feedback is going to be visible for anyone to see. A few one-star ratings aren't horrible, and most other customers won't be turned off by them; don't pay much mind. You must develop a thick skin in this business; entrepreneurs can't afford to feel bad every time a customer says something unpleasant, even if it's unfair or overly personal.

However, if you are getting steadily bad reviews, you likely have a systemic issue; your operation has basic problems that are chronically hurting the store. Often, these problems are obvious, because they are simple and consistently occur. If you are sending out orders late or having a hard time maintaining a steady supply, you should be able to easily see and address the snag.

However, there are times when the issues afflicting your store aren't obvious. As previously stated, you should be reading customer feedback. Make a habit of learning and understanding who buys items from the store. Adapting to their likes and dislikes, and predicting the shifts in behavior and taste, will help you stay profitable and remain in the good

graces of people for much longer. If your customers are consistently complaining about anything, even something small, like the smell of your packaging materials, then find a way to fix it.

Even minor things, like unpleasant packaging, which do not extensively affect the product to a significant degree, should be altered. People are changeable, and they will switch to a different seller for seemingly unimportant reasons. Remember, you are always trying to widen the gap between you and all the sellers; every even slightly helpful thing you can do to differentiate yourself from the pack is positive. If the only difference in two rivals is the smell of their packaging materials, that might be enough to end one merchant's career.

#### Bad Ways to Respond to Customer Messages

Of course, you never want to make a situation with a bad review worse. The surest way to do this is to issue a poor response to contact from a customer. You can choose whether customers are allowed to directly contact you, but enabling direct messages on your page is the right choice. Promote all opportunities to interact with people who want to speak with you about a product; you'll learn more about what they like and dislike than you would just reading a few lines of feedback.

The danger here is that you can do more harm, even if by accident. Customers may have unpleasant accusations about the items you sold, they might call you dishonest, or simply say you are bad at your job. In these situations, you cannot lose your head to "return fire," or even defend yourself assertively. Depending on the customer, truth might be unwelcome, and explaining why they are wrong will worsen your circumstances. Act like a professional and try to diffuse the situation. Ask what the problem was and what you can do to improve things. Don't offer anything you aren't sure you can provide, but politely let them know that you are looking at an issue. A lot of people simply want to be heard. Some people will never be fully happy, but do your best. And who knows, every so often a direct message may just be a customer notifying you how much they enjoyed a product they bought.

At some point, your store is growing to expand enough that you will receive too many customer messages to reasonably handle. You can stop answering people's messages when they are so numerous they become a substantial drain on your time. However, continue to keep an eye on what people are saying. Direct messages let you stay on the pulse of your customer base, mostly what they are dissatisfied about. If buyers want you to know what they think enough to take a few more minutes and craft a note for you, it is probably important to them.

#### Chapter 8:

#### Building Relationships with Other Sellers

As you may expect, merchants have a thriving community among themselves to discuss developments in the market, to analyze Amazon and how it is changing, and generally to give advice to up-and-coming sellers. If you navigate to the bottom left of your Sellers' Central homepage, you'll see links to Amazon's merchant forums. These are packed with users looking for help with their first sales, finding trustworthy suppliers, or even choosing a product.

You need to make sure to keep this space open to you. Other sellers can be a valuable resource to commune with. Countless merchants before you have made a fortune selling with Amazon, some of them in the same markets as you. They are often willing to share their experience, which can be incredibly helpful.

We have said throughout this series that Sellers Playbook can act as your coach. That's where you get your game plan; you ask your coach for strategies and advice on how to get better. However, any good player will tell you it's helpful to talk to the other athletes as well. New tweaks to any game are felt by the people playing it the most. Experts at Sellers Playbook are always interested in new cases and eager to help, but they do not have the level of vested interest in success that a seller does for their store. When Amazon changes a small segment of their packaging requirements for specific goods that not many people sell, you're going to want to commune with those few that do.

Forums like these exist for functions like that. For the hard decisions such as where to move capital or how to handle a bad supplier, Sellers Playbook will have your back. However, for the little tweaks or news or something pertaining to living the life of a seller, nothing beats talking to your own.

On Amazon's forums, and any others you encounter, you also can teach new people what you've learned. After a few months and several hundred sales, you might have gathered enough information to give some advice. Giving back a little and helping people, like you may have been helped, is generous, but it will also help you learn. The best way to teach yourself a concept is to try and teach it to someone else. Being able to explain something clearly is a sure sign you completely understand the concept; anything short of that, and you still have learning to do. Use other people's questions as a chance to cement your knowledge.

#### **Seller Ethics**

Being a part of the merchant community and interacting with people going through the same problems as you will help clarify some of the harder questions of being an entrepreneur. Those are, of course, ethical dilemmas. Knowing which behaviors are moral and which aren't can be difficult, and finding a knowledgeable teacher for that is tough. There are no exact rules regarding the difference between learning from someone's creativity and copying their idea, or the gap between negotiating a better deal and taking advantage of another person's

disadvantage. You want to be tough and use every resource available to you, but is there a line where the right action is to back off?

Thinking about and struggling with these concepts will help you grow as a merchant, but without practical experience, making ethical determinations is hard. You'll learn best from being around other sellers. In some forums, people simply share their stories. These stories can build your sense of right and wrong in the merchant world and help guide what you do in the future for the better.

#### Clear Communication

Talking to sellers more will help grow your communication skills as well. We've previously covered the importance of "speaking the language" of a merchant. You'll be a stronger seller if you integrate yourself with your new world. A big part of every pocket of society is the language spoken there and every little difference it has from other languages. Knowing simple phrases like "winning the buy box" and understanding the importance of "supply line redundancies" is a good start. However, until you can spit out the slang of a seasoned merchant like a natural, there's going to be a distance between you and the people really playing the game.

Having relationships with other sellers to learn and work with is crucial. It shows commitment to becoming someone different, and a willingness to engage with new people. It will make you more comfortable in your new world, and your performance will improve as a result. Any seasoned baseball catchers' coach will tell you that the clearest sign of a rookie catcher improving is when he starts conversations with hitters while they're at the plate. Communication creates confidence; isolation breeds instability.

The key to success is total immersion, and that's what being an active member of the forums pushes you toward. If you want to make any serious profits, your merchant status can't be a hobby. Learning the language, knowing the people, and sharing experiences will help you be more focused, thoughtful, and creative as an entrepreneur.

#### Chapter 9:

##### Sponsored Ads

A big part of any comprehensive marketing campaign is using advertising to boost your sales. There are numerous methods to do so as an entrepreneur, and Amazon provides a robust system to help you reach an audience to buy your goods: sponsored products. You may have noticed sponsored products already if you shop on Amazon. They appear near the top of the screen after you search for an item. The site chooses which

products will appear based on a simple keyword and bidding system that gets fed through their algorithm, like buy boxes.

Amazon's system for bidding is relatively simple. After navigating from Seller Central to their advertising section, you can enter keywords or phrases you would like to be part of your ad campaign. Next, you enter the amount of money you will pay the site every time a customer clicks on your ad. Sellers willing to pay the most for clicks have a greater likelihood for their product to come up. Amazon also provides a feature that will pause the campaign after you have paid for a certain number of clicks. For instance, if you bid \$5 per click and offer a budget of \$100 a day, after twenty clicks, Amazon will stop showing your products for the day. That way, spending won't get out of control if you stop paying attention. A person who has an extremely popular product that gets a lot of clicks won't end up paying \$1,000 in only six hours. This tool regulates your ad spending so you don't have to check on it ten times a day.

Essentially, Amazon's Sponsored Products program is designed, in part, to level the playing field between high-profile sellers and smaller outlets. If you are new or have a unique product, it is harder for potential buyers to encounter what is in your store. Many customers who would be interested in your product might not see it because they are searching for something slightly different, or because your version of the product they are looking for is buried on the third or fourth page of results. Sponsored Products allows you to leapfrog over that barrier and get your product at the top of the first page.

Of course, getting in that position isn't as simple as making a bid and letting things play out. Many sellers are clamoring for their items to be seen and sold. The highest bids for a click will obviously get chosen to show up in the sponsored ad spot most often, but a variety of other factors go into the selection process. Amazon is more likely to award the spot to merchants they consider reliable according to their usual metrics. Seller rating plays a significant role. A store with more sales and a higher quality estimate is going to receive the sponsored spot more often than a store with a similar bid and lower seller rating. Also, having a campaign running for longer makes it more likely for Amazon to employ it. The more committed you are to sell, the more ad time you will get for your bid.

Sponsoring an ad for your product is a good idea if you sell items that customers are less likely to search for. For instance, if you sell yard sports equipment and one of your products is a badminton set, that might not get a lot of searches on its own. The average consumer who is searching for outdoor games probably won't think of badminton on their own. However, if you sponsor your product to come up when people search for "Wiffle ball bat" or "Nerf football," you will get a lot more eyes seeing your sets, and a lot more sales as a result. People who are searching for those terms are probably more likely to buy a badminton set. You're drawing in an audience who might be interested in your product, even if they're looking for something else.

Cost and Impressions



The cost structure is that of a typical pay-per-click ad; you give Amazon money only when a customer clicks on your product. Customers may see the item a dozen times, at no cost to you, before someone decides to click on it, which is a major benefit to the merchant. In this context, merchants call a view an "ad impression," and the fact that this is free is extremely helpful, beyond all the money it will save you in advertising costs. Every time your product shows up on the search results page and someone catches a glimpse of what you are selling, even if they don't have any interest, your store benefits. Even quick glances like this can be powerful motivators for earning sales in the long run. People will remember seeing a positive, polished image of your product showing up at the top of the screen, sometimes unconsciously.

For instance, if a person searching for Wiffle balls sees the sponsored badminton set during a search, maybe nothing occurs immediately. But in a few months or even a year, when that person is online shopping again, that image of the badminton set will still be rattling around in their head, and this time, they'll purchase one. This probably won't happen because that person specifically recalls your ad, but the ad planted the idea of purchasing your product to shape the customer's buying patterns; it made an impression. In 2016, American companies spent \$70 billion on TV ads, even though most people hate advertisements and claim not to be influenced by them. These impressions are a real motivator.

#### Managing Your Investment

Data easily accompanies these advertising tools. Amazon tracks their sponsored product statistics for you, and merchants have developed an excellent measure for interpreting their ads' effectiveness: the ACoS or Advertising Cost of Sales. The ACoS is the percentage of profits—not revenue—spent on advertising. It is the average amount you are paying to get the clicks that should lead to sales. You want this number to be as low as possible.

For instance, if you spend \$100 buying, storing, and shipping a vintage Tom Brady jersey and manage to sell it for \$300, that's a \$200 profit. If you spent \$20 to sponsor the click that got you that sale, your ACoS for that item would be 10%. A tenth of your profits went to paying for advertising. Ten percent is a good ACoS; most experts say that merchants should shoot for anything below 20%, although an ACoS can never be too low. You should always be working toward decreasing your ACoS without compromising the effectiveness of your advertising.

The key here is organization. You need to know exactly what your profit margins are for the items you are advertising for. If it turns out you forgot to factor in shipping costs for your profit calculations, you may have \$7 less to spend for advertising. Once margins are certain, carefully designate a certain amount of money for advertising. As you keep track of how it affects your sales, you can add or take away money from the budget. Your goal should be to spend as little as you can while still raking in most of the benefit of your ad campaign.

## Choosing Keywords

The key to an effective ad campaign is choosing the right keywords to bid on. At first, Amazon will automatically select a set of keywords for you, but often these choices will usually be too generic or poorly targeted. You need to carefully consider your word choices before putting them into action, and then check them consistently to measure effectiveness.

A simple strategy for finding non-obvious keyword choices is to include substitute products and complementary products. Substitute products are purchases that can take the place of what you are selling; they fill the same need for a customer. For instance, rubber chew toys can be substitutes for dog bones. If someone buys a rubber chew toy, they won't need a dog bone. Complementary products are the opposite; they encourage sales of another product. Tennis balls and a tennis racket are a clear example of complementary products. Buying one facilitates buying the other. Try using keywords that involve complements and substitutes to drive traffic for items in your store.

Amazon generates reports with basic data for all words and their results, such as ACoS, total clicks, and impressions. Use this data to analyze which words are working. A common tactic for evaluating your keywords is checking clicks against impressions. If impressions are high but clicks are low, a lot of people are seeing your item but not clicking on it. That probably means you have selected the wrong focus for your search. Most sellers shoot for a 5% conversation rate; that is, at least 5% of people who see the ad will click on it. For instance, if there are one hundred impressions for a phone case advertisement, five or more should click on it. Any less and you should adjust your keywords.

Getting keywords right takes time; thinking about which terms to pay for only takes you so far. Truly understanding which ones will give a significant return for your investment is all about patience and paying attention. Experience is the best teacher in this case. Keep fine-tuning until the ads pay off. Some of the most effective choices aren't the obvious ones.

This is another area where knowing who your audience is pays off. Remember what they have had a positive response to in the past. Reflect about the type of person who is going to buy this product, or products like it. Appreciating how people think and why they buy certain items is crucial. When selling pots and pans, "soup" or "omelets" might be better than "kitchen." Most customers shop based on filling a need or desire, such as being able to prepare a tasty omelet. You should be thinking more about what people want to do with a product than what product they would want, and select keywords that fit that desire. This is a straightforward example; however, always keep an open mind for stronger links.

## Product Launches

Like all allocations of capital, you can alter how much you spend to accomplish different goals. A common strategy to employ to improve product launches is to massively hike up how much you spend every day for each click, hopefully to the point where your product appears double or triple the normal amount of time. If your goal is to get a new item off the ground so people are buying, using, and rating it as soon as possible, this is your clear move. Spend past the point of profitability if you need to. You will be losing money with each sale, but think of it as buying consumer hype and positive reviews. A tactic that aggressive is a veteran move that you shouldn't employ unless you have a lot of capital to back it up. However, it is an option. Get creative with your ad strategies, both in spending and keyword usage.

The effectiveness of your ad is partially determined by the quality of the picture accompanying the product. Getting a good and clear snapshot of what you are selling is one of the first steps to take when listing something. However, it bears repeating here in case you have neglected that aspect of being an entrepreneur. Spending money on ads will not help any situation if you have an unprofessional picture.

## Chapter 10:

### Social Media Advertising

As Amazon grows, and more competition invades the market, entrepreneurs have increasingly turned to outside sources for advertising help. Sponsored products are a massive part of any good seller's push; however, utilizing social networking sites to grow your image can be a huge benefit. Internal advertising is a great way to reach people who are already on Amazon. However, a coordinated social media presence can draw other people in from different sites. You can access a different audience that hasn't already been inundated by the Amazon store culture. If your ads are effective enough to bring people to the site, those have a much higher likelihood of buying from your store as well.

You can start these efforts free of charge. The sites you should be focusing on are Facebook, Twitter, and Instagram—although, having others, such as Pinterest, will benefit your store to an even greater degree. Set up a store page on Facebook and share often. You should post daily with plenty of pictures, and announce any upcoming deals. These notices should always be coordinated with planned price fluctuations and sponsored ad campaigns on Amazon. Synchronize that with regular Twitter updates, preferably in the early evening.

Instagram is a useful tool to drum up excitement for new products or to increase interest in your creation process. Get clear shots of production and design work (if that is part of your operation), as well as any exciting updates and new items heading out for the store. Investing in a decent camera and learning a little about lighting before you start is a good move. At first, this may sound like a lot of work. However, if you

get into the habit of updating your pages every day—or more—customers will come along with it, and you won't spend a dime.

#### Professional Help

Of course, if sites like this are completely foreign to you, or you just don't want to handle the work, professional help is available. Social media specialists can assist you with setting up and managing your pages, or even updating them for you every day. This will, of course, eat into your advertising budget. However, if social media is the most effective marketing tool for you, allocating capital to maximize the quality of your online presence is smart. You may need a consultant, and the money you spend on her will be worth it. Adding new forms of outreach to people not on Amazon is a good way to increase recognition, to gain an edge over competitors who aren't bothering to diversify their sources of attention.

You may also want to allocate cash for sponsored Facebook ads. The site accepts bids for company pages to show up in potentially interested customers' news feeds or in select locations on Facebook's sidebar. Facebook commands a huge audience, and ads on the site will undoubtedly get noticed by the public; they are usually large and hard to miss. These posts don't come cheap, and you should be careful with your spending. If the capital isn't available, Facebook ads aren't a necessity. Consider them a luxury to save for when you have money to spare.

Here is another instance where Amazon's fame and success is helpful to their merchants. Most people will already be familiar with the idea of third-party sellers on Amazon and other sites. More importantly, though, customers are aware that Amazon stores are usually professional outlets that should be considered legitimate retail destinations. If the site weren't so popular and well regulated, outside ads might not be taken seriously. If you or your social media coordinator don't do anything to tarnish the image Amazon has grown for you, you will get a meaningful return on this advertising investment.

The specifics of your posts should be obvious: focus on clarity and excitement. Be straightforward with your message; the point of the post should be simple. Try to include information and images that will intrigue the average viewer, and don't be repetitive. More posts and tweets are almost always better, but make sure to space them out over the course of a day so it's not one long barrage in ninety minutes. The time of day also affects who sees your message. A Facebook or Twitter feed is partially organized by when it was posted. If you post something on Facebook at three a.m., your audience is less likely to see it when they check their feed the next morning.

Another great resource you can turn to if you aren't familiar with social media is, of course, Sellers Playbook. Sites like Facebook and Twitter have been staples of comprehensive marketing campaigns for years, and they augment Amazon's sponsored products very well. Knowledgeable associates can assist you in building your campaigns from the ground up, and offer tips on how to structure and time everything you put online.

With that winning combination, your advertising presence will be substantially more effective, and profits should soar.

## Chapter 11:

### Personal Qualities to Emphasize

When you are marketing your business, whether on your store's homepage, with details in product descriptions, or conversing with customers and suppliers, focus on specific aspects of yourself and the business.

Of course, you must remember to market your store in the first place. Actions are more persuasive than words, but those actions are a lot more effective when backed up by a few choice sentences. Remember, often you will be dealing with people who aren't giving you extensive thought. Whether a customer scrolling mindlessly through the store on their phone or a store manager with twenty other tasks on her mind, sometimes people need to be nudged a little so they notice what you are doing right. Not everyone will realize all the difficulty you go through to consistently deliver high-quality products. If you are subtle, most people won't begrudge you a little self-promotion after a job well done.

It is not a simple task to consistently fulfill orders on time, even if you are using FBA. You must manage unruly suppliers while maintaining a steady flow of goods to customers—or an Amazon warehouse. Those products need to be packaged correctly, and any little imperfections are going to count against you. The seller store description at the top of a profile page is the first and most obvious place to make a case for yourself. While this is a great time to showcase creativity and make a memorable impression on the customer who is reading, you must also get across a message of competency and consistency. Doing both is the key to effective writing. Use phrases that emphasize reliability like "regularly rising to meet the highest standards" and "fulfilling without fail."

Your store's message is not limited to the paragraph at the top of your seller profile. For instance, product description pages can be an excellent opportunity to push for the quality of your store, as well as the item being sold. What an entrepreneur sells is who they are; remember that when deciding what to write. If a set of towels in your store is described as "unique cuts drawn from the centuries-old styles of Venetian craftsmen," then the same sentiment of individuality and attention to detail will apply to the entire outlet. When a vendor wants to make their whole shop look more creative or artsy, they can start by describing products as "inspired by midwinter twilight," or something similar. What customers believe about an item, they will believe about the store selling that item.

Here again is a chance retailers can use to differentiate themselves from the big vendors. Words like "handmade" and "homespun" spotlight the difference between a factory-forged product and a small seller's tiny

operation trying to clear a path through larger, better-equipped stores. People respond to this style.

Think about how customers and suppliers are going to interpret what you say and do. Ideas that seem clear in your head won't always be that way for others, so clarity should always be foremost on your mind. More importantly, try and imagine what they would want to see from a seller. People want consistency and to feel assured they are going to get what they pay for. Customers want to know that the merchants they purchase from care about the goods they make, and hopefully even about the people who buy those goods. Yes, you will show this through your actions, as well as through measurements like seller rating. However, reinforce that with words, and successes will be even more significant. How you act and your store's performance will produce a strong but generalized response; writing guides a person's thoughts to a much more specific conclusion. Think of marketing the store like painting a house. The majority will be done with a big paint roller, which is how well your store performs. However, a smaller brush is necessary for the corners and thin strips of trim; that is the words you use to describe everything.

Sellers Playbook can assist here as well. If you need any marketing materials or descriptions evaluated, this expert service can provide a helpful eye. Experts who are well-versed in how people respond to certain types of marketing can gauge your work to estimate its impact. Even something as seemingly simple as replying to a customer's message might warrant a once-over from one of the service's professionals. Every time you do something to interact with buyers, you are building a reputation. Have Sellers Playbook prepare you. This is just another great feature in a long line of options from the playbook; the more you take advantage, the more streamlined and effective your store will be.

#### Halftime Report

We're halfway through the final quarter now, so it's time to take a breather. We've been discussing a business model distinct from regular selling and retail arbitrage—private labeling—as well as advertising and the seller community. Working as a private labeler is an excellent path to take if you are uninterested in crafting your own goods but have dependable suppliers available.

This strategy is beneficial for consumers, as well as sellers, because it nurtures the talent pool of entrepreneurs opening shops. There are more consummate sellers operating efficient, reliable stores; if proficient merchants keep getting rewarded for their work, Amazon will continue to grow and improve. As a seller, you should always support that. The growth of Amazon is growth for you as well. If the site has enough money to extend its reach to more countries and develop faster shipping and craft smarter advertising, more customers will be available for you to sell to. A bigger audience always spells increased profits, so cheering on Amazon's moves into new markets is a matter of self-interest as much as company pride.

A greater number of people available will be more easily convinced to buy products if you have a high seller rating. You will find that seller rating is an effective measure of a broader notion we call "market presence." Essentially, a merchant's market presence is the impact their store has on Amazon's entire marketplace. When you introduce a product, start an ad campaign, or change your prices, the size of your market presence dictates how much that will affect other merchants and buyers. If a merchant sells a lot of items, brings in a lot of revenue, or invades new markets with strikingly low prices, they'll have a big market presence because they affect people a lot. Other sellers will know a person with a substantial market presence more, for good or bad. It's the size of the shadow a seller casts on those around her.

Successful sellers have a big market presence, not only because they have a considerable amount of money or number of customers, but because they are aggressive in pursuing their goals. If they are moving into a new market, they find whatever price they need to sell at and set it. Having a big market presence doesn't mean not planning; take time with decisions, always move from the strongest position you can, and wait if you must.

However, when you do choose to act, do so decisively with no half measures. For instance, you have done the math and know that to make money on a product, you are going to have to charge very little; your profit margins will be razor thin. Don't take a week to see if you only need to lower your prices slightly or you will end up losing potentially productive time. Drop your charges all the way, and start moving product.

Imagine Charles Barkley lumbering toward the basket to score as defenders seem to bounce off, Lionel Messi lining up a shot on a keeper who looks like he's about to keel over, Barry Bonds applying pine tar to a bat that looks like a twig in his hands, or Serena Williams bouncing a fresh tennis ball in preparation for a 130-mph serve. The ground seems to quake when these players step on their turf; every opponent knows when they arrive. It's not just about being good, it's about owning your ground, no matter who else turns up.

Physicality aside, entrepreneurs can have that capacity as well. If you spend time on the seller forums, as you should, the names of certain merchants will come up consistently when discussing different products. You'll learn to know who your big rivals are and watch for their names to appear other sellers for one of your products. Keeping tabs on these sellers' stores and what they release is a smart idea, if you can find the time.

Those merchants have market presence, and if you keep chasing the best suppliers and working for a perfect seller rating, you'll have that impact too. Your name will come up in others' conversations, and new sellers will know about you before you know about them. Build that image, and profits will increase along with it. If you want to make money, make an impact.

If there's one thing you can bet on, it's that Sellers Playbook can get you to that point. Veteran entrepreneurs are lined up to help you.

Whether you need to overcome a weakness or fine-tune a strength, Sellers Playbook is prepared to assist you to where you need to be. Imagine all the great sports stars you know of; they've all had coaches. Why would you make the choice to go it alone? As much natural talent as those players have, they achieved as much as they did, in part because of the help they received.

Michael Phelps, arguably the greatest Olympian of the modern era, was renowned not just for his swimming but for his famous diet. He would burn so much energy with all his practicing, Phelps had to eat 12,000 calories just to maintain that weight. Many fans credit Phelps's success to his commitment to maintain such a punishing schedule. However, Bob Bowman, Phelps's coach, also kept Phelps on track with his diet. Eating that amount every day is a test, and that diet made such intense training possible. Bowman probably deserves more credit than he will get for his contribution to Olympic lore.

Even the greatest need coaches. Hard work can get you to the big leagues, but it takes the right coach to get that MVP trophy (or gold medal). Sellers Playbook can be the coach to take your performance up that final level.

That's probably enough of a breather for now, so halftime is coming to an end. Think about your market presence and how to leave an impact on the selling world. Your opponents are all out there, waiting for you; time to show them up.

Part 3:

Branding

Chapter 12:

Registering Your Brand with Amazon

When you are crafting your brand, originality and uniqueness are paramount. Make sure to examine your image from every point of view. Try and think about how another seller, supplier, or Amazon itself might see you with a certain type of branding applied. Be sure to maintain an aura of professionalism throughout the process of developing your image. Customers are obviously your priority, but if creating a persona ends up getting in the way of professional relationships with other businesses, you may have gone too far.

Unfortunately, conflict with your fellow merchants may be inevitable. If you successfully find an identity that customers respond to, other sellers will try to steal it to sell their own goods more easily. Such a



competitive environment with massive potential for monetary gains draws people who are willing to snipe others' hard work. We will cover intellectual property rules later in the quarter; however, suffice it to say, theft rarely pays off for long.

That is why utilizing Amazon's brand registry service to protect your products and your image is a necessary step. If your brand is registered with Amazon, they will monitor the store for duplicate sellers. More importantly, because the site often misses these crooks, you can file claims against people who are using your name, logo, or products for financial gain without permission. Those bogus sellers may have products discontinued or even their entire stores dismantled as a result.

Brand registration functions as more than a protection against people who try to steal. Once your brand is registered, all products protected under that brand will take 100% of the buy box time. Being marked by your brand makes those products unique, so no sellers will compete for buy box time with you. This can invite a massive uptick in sales. As we learned earlier, the buy box is responsible for the clear majority of sales on Amazon. It is a convenient, immediate purchase option for customers.

Of course, a huge difference in profits is not guaranteed. You will have 100% of the buy box time, but your product will also probably be further down the search results list and will get fewer views. In some cases, although not many, more money can be generated with 20% of the buy box time on a common product than 100% of the buy box time on something singular.

Here is a situation where augmenting your item with a robust advertising campaign can be of enormous help. This is specifically true when it comes to sponsoring the item to appear at the top of the page for certain searches. It is unique, so buyers are not built in as with a common item. The product is going to need help getting more sets of eyes, and Amazon's sponsored products program is the perfect way to facilitate that.

#### Unique ASINs

Another plus of brand registration is the freedom it creates. If you are selling a product without your own registered brand—a standard Wilson football, for instance—other sellers are probably competing with you. This means multiple merchants are selling products with the same ASIN, or Amazon Standard Identification Number. If you do not remember, an ASIN is a ten-character code assigned to every product sold in the online marketplace. ASINs are helpful because they allow the site to regulate, track, and group products that are the same. When you list an item, it will get an ASIN to be grouped with other versions of the same product already in the store. Even if something is listed by twenty different sellers, the ASIN lets Amazon collect them all together.

While ASINs can be frustrating for merchants who want to list their items as unique, this situation is a perfect example of the usefulness of such a tool. Amazon highly regulates each ASIN with strictures placed on basic product attributes such as picture usage and product title. They want

merchants representing products with the same ASINs to maintain a degree of similarity and consistency with how the product is marketed. That way, products with real variances—such as different material constructions—can be told apart more easily.

Here lies another value of brand registration. Your products will get their own ASIN when a registered brand is applied. As mentioned earlier, you get 100% of the buy box time; this is not an artificial benefit installed by Amazon to incentivize registered branding. It's more basic. Each buy box is assigned to an ASIN, and if your product has a singular ASIN, it fundamentally can't have any competition for the buy box.

Products are also free of some of Amazon's restrictions when under a registered brand. If you are the sole occupier of an ASIN, you don't need to stay in line with any other sellers. Flexibility with wording will enable you to stretch your creative muscle more. Amazon allows registered brands more freedom with their picture usage, product titles, and details. This gives you more room to separate yourself from rival merchants selling other, similar products.

#### How to Register

Registering your brand is a simple process. Navigate to the brand registration page from your Seller Central home. Amazon requires a set of basic information, starting with contact information, which is especially important to get right, as Amazon will be emailing and possibly calling you to check the validity of your claims. You must name your brand—it does not have to be the same as your company or seller name—and include pertinent contact information.

One part of this process that leaves some merchants frustrated is creating a website. This process is reportedly under review, but as of May 2017, you must have a company website to register your brand with Amazon. It can be incredibly simple if you don't overthink it; some sellers take only an hour or two to purchase a web address and cut together a page. Squarespace is a great service that can speed up web creation for a small fee; however, there are many other worthy companies. Fill some basic templates with product pictures and use your logo. You must include all contact information you gave Amazon so they can validate they have the right page. If your web page has that information, Amazon will probably grant you the registration.

Your site does not have to be a throwaway just for the purposes of brand registration. Many acclaimed merchants have taken this opportunity to work on a well-developed independent site for their store. It requires little upkeep, especially if you are fulfilling your own orders and not using FBA. Most of what is necessary to run an online store should already be taken care of for your Amazon shop. Products and branding are done, and a social media presence will benefit from a website. Aside from the actual web design, you won't have a great deal of work to do. Most profits will still come from your Amazon store, but another site can be a cheap, easy way to add a revenue stream—one thing successful sellers consistently look for.

Following your website creation, you also must spell out carefully what your relationship to your goods is. Either you manufacture the good and sell it under your own brand, or have been authorized to sell a product by the manufacturer. In the second case, you may need to provide a letter from the manufacturer attesting to the situation and giving their permission for you to conduct your operations. This is something to be sure of before moving on, as Amazon will penalize you, potentially harshly, if they believe you are deliberately misleading them about this relationship. If your manufacturer doesn't provide proof of authorization, don't take the easier route and claim to manufacture the good yourself.

Brand registration is a smart move, and you should jump on it as soon as you have a brand to register. It does not take much effort; aside from creating a small website—which you may be glad to have later in your career—you fill out a form and answer an email or two. Making it official has few costs, and it can save you a bundle as well as time, when other people try to counterfeit your success. Finally, it will give you more freedom, buy box time, and allow you to separate from the pack to a greater degree. There are virtually no downsides to brand registration; make it a priority.

## Chapter 13:

### Deciding How You Want to Be Seen

Multiple times in the past quarters we have discussed the idea of creating a persona for yourself. People will automatically cast you and your store in a specific light based on your products, prices, and the language you use. Building that image and guiding your actions to paint a picture is an excellent marketing tactic. Customers would much rather buy from a person, not an unremarkable seller. Prices will seem lower and products more desirable if a person isn't simply purchasing on Amazon, they're getting birthday gifts from an inventor in Portland, a homemaker in Dallas, or whoever you present yourself.

It does not matter who you are; if you humanize your store, customers will positively respond. Sleek logos and photos are helpful, but while they help make you look professional, they also put up a barrier between you and buyers. Imagine the difference between talking to someone from behind a desk and coming around a desk to shake their hand. A more personal approach helps.

For example, a stay-at-home dad from Florida might slip a few details about his life into his store description. It does not have to be anything overly private; he's just trying to paint a picture. Phrases like "prepared in between play dates and soccer games" or "carefully constructed next to towers of Legos" lend a folksy charm that many people

will like. It does not take a great amount of effort, simply attention to details.

Personas can be even more helpful if they match the products you sell. Try and connect your appearance to what is in your store. Our Florida dad would do well selling children's toys, as they fit with his identity. It is easy, and a little heartwarming, to imagine a father buying his kids birthday gifts; people might infer that's where he got the idea to sell toys online. His seller name might even include something about being a father helping him understand kids' products.

Don't forget, this can work against a merchant as well. If the dad from Florida tries to sell new electronics, people might be turned off a little. His service, prices, and quality are still paramount; if they're good, products will retail well. However, the "Dad" image might hurt him a little. Fair or not, many people are predisposed to connect a father figure to a lack of technological knowhow. As false as that might be in some cases, audiences often think that way. Knowing your audience is crucial, and you need to use that knowledge, even if it leads you to an unfortunate conclusion.

These stereotypes are sometimes hard to predict, so when testing out an image, keep a close eye on reviews and customer feedback for indicators on how people feel. One nice thing about Internet shoppers: they are often unsubtle about such subjects. A comment may read, "Can't believe a dad is selling TVs," or something equally clear. Branding yourself is a clear case where more information will allow you to be as effective as possible.

This is as much about making you seem unique as it is about adding a personal touch. Always strive to set yourself apart from the crowd. To as great an extent as possible, you want to seem different from other merchants. Try to draw details from your life that are thought provoking and original. Separating yourself with a clear identity will result in an uptick in profits. Work like this may be difficult, but remember, that means fewer people will be doing it, and that's an advantage for you.

#### Strengths of a Small Seller

Remember, always focus on using all the advantages your size provides you. Independent third parties who are new to the market, in other words, the underdogs, have an appeal that others don't. Try to avoid appearing too comfortable or the notion that you're not taking a risk. Customers like a seller who is willing to take a chance; they will support that.

For example, imagine two sellers: David and Marla. They both have only been selling for about six months and are still getting acquainted with the environment. To spur profits, both David and Marla spend time crafting details wherever they can in their store, giving their product titles a consistent theme, approaching product choices while thinking about how it will affect their image, and considering the wording on every description carefully. In short, the two are behaving like they should, and both are seeing improvements because of their effort.

However, there is a key difference between the two. While David worked to portray his shop as professional and polished, Marla decided to pepper in some personal details. She's a former lawyer who quit once the job got too repetitive; now she sells office accessories on Amazon. That is a simple, effective story that customers will appreciate. Not only does it indicate that Marla is smart and accomplished, but passing the bar isn't easy, and she has taken a risk with this venture because she wants a more interesting profession. Marla worked hard to shape that narrative into something fitting for her seller homepage. In each item description, which she always makes extensive, she includes the fact that an original desktop gadget was inspired from an aspect from her old profession.

That kind of clever branding takes fine-tuning, and avoiding the appearance of being too amateur is critical. However, with work, you can find a reasonable middle ground between personal touches and straight professionalism. You can put on a glossy face while keeping your store's individuality.

## Chapter 14:

### Maintaining and Protecting a Brand

Protecting your brand is also about more than legal protection—we will discuss trademarking in the following chapters, and registering it with Amazon. You must safeguard what you have built from other sellers and buyers badmouthing it. What customers think is important, but bad press from non-customers can be powerfully damaging as well. The more your store grows, the more likely you are to get trouble from other merchants. Few people pay attention to sellers who have just started. However, success will bring attention, and attention will bring merchants who want to be negative about your brand; it's an unfortunate fact of life for an entrepreneur.

The only thing you can do is stay composed and try not to give anyone a good reason to dislike you. Remaining stoic when faced with criticism, which might not have any basis in reality, can be challenging. When a lot of time goes into building something up, such as your store, you have a natural urge to defend it. Resisting that impulse takes self-control. Spending hours of your day filing complaints with Amazon about another seller will just get you sidetracked and hijack your focus from more important goals.

You can hurt your own brand as well as anyone else. If you are not careful with what you say, either customers in messages, other sellers on forums, or business associates over emails, phone calls, and even in person may tarnish a brand you worked incredibly hard to create. Maintaining polite, professional conduct all the time when dealing with people should keep your brand secure. Anything else is taking a risk that could lose you money. Remember, every seller you meet is a potential

business partner, supplier, or customer. They might help you with a problem in the future or even collaborate on churning out a new product. Maybe you will run into people who want to private label your products. Bad impressions can send ripple effects through the community that will lose you those opportunities.

It does not take a lot to set someone against you either. Sellers are a competitive bunch, especially at the higher levels. People have worked hard to get where they are. Often, it has taken years for merchants to achieve their levels of success, and they take offense easily. Don't go around bad-mouthing anyone's service or saying negative things about their products. Even if it is innocent ribbing to you, other people may not take it that way. One public feud in the merchant forums may be enough to permanently brand yourself as one who starts fights.

If you want to shield yourself and your brand from harm and attacks on the part of other merchants, the best strategy is to help people. As soon as you have accumulated some knowledge and experience about being a merchant, heading to the forums to share what you know with newer entrepreneurs is the right idea. Start building a reputation as someone who wants to share and improve the merchant online community. Being a helpful figure will protect you from other sellers when they get a little jealous. Furthermore, encouraging a culture of openness will get you help more easily; the older sellers will be much more positively disposed.

#### Merchant Reactions to Marketplace Moves

Of course, your unspoken actions can shift perception as well. Just as it is possible to build a reputation with products, pricing, and advertising strategies, you can cut one down, too. We touched on price wars and predatory product selection in previous quarters. If you come into a market for an important, high-profit item with an established group of sellers controlling the buy box and start undercutting everyone's prices, there could be repercussions. Certain merchants make a living off only one or two goods, and a merchant coming out of nowhere and outpricing them could be enough to sideline a whole store. That will earn you some enemies, or at least a few people keeping tabs on you.

Having serious rivalries is not automatically bad; in fact, it may be completely necessary. Finding the line between aggressive pricing and trying to kick out the competition can be difficult. A certain culture develops about how to conduct yourself in the marketplace, a code of conduct for carving out a space of the buy box, especially if you are one of the big merchants and have deep pockets. If you go against this code, other sellers will take notice. Sometimes there is no line, and if you want to be the main seller on an item, simply list the item and take everything you can get. This is a sense that changes on a case-by-case basis, and you'll understand it the more you sell.

However, one thing is certain, making people mad is part of the business. But don't let other sellers' reactions trouble you overmuch. Another merchant's attitude shouldn't hold you up from a smart business decision.

If you have done the research and know the right moves to make, then go ahead.

With every dollar you take or second of buy box time you earn, some sellers' wallets are going to get a little lighter. Some sellers struggle with guilt over this fact. As seller forums can attest, a significant portion of new merchants are bothered when they take market share from other stores. The fact is, being an entrepreneur is usually a zero-sum game; one seller's gain is always another's loss. If people spend fifty dollars at your store, they spend fifty less at someone else's. Every pink iPhone case you sell means all the other iPhone case stores lose a sale. The money going into your pocket might as well be coming out of another merchant's.

That's how any market functions. So, when you begin to do well and you find that your success is hurting other stores a little, don't feel guilty or back off. Don't raise prices a little so you share buy box time with other merchants. Every seller starts, knowing that they might not be successful and that another seller might end up with their customers. While you are raking in profits, don't let up simply because a few other shops fall. The prize for passing on a big opportunity like that is you get to become one of those shops soon.

Don't let the softer side of your nature steer you away from success. There are plenty of times for tenderness in life, but being an entrepreneur isn't one of them. Don't earn a reputation as an average entrepreneur who goes at a steady pace; be a shark and chase every bit of profit you can.

## Chapter 15:

### Benefits of a Long-Lasting Brand

If you preserve your brand integrity with professional conduct and success in the market, you will be rewarded. Avoid unnecessary conflicts with your fellow merchants; quickly changing prices, products, or personas; and especially shutting down, even for a brief period. The more people who know who you are and what you sell, the better. Grow trust with customers and suppliers alike, and you will notice the benefits come naturally.

A steady presence in the market will result in greater stature among customers and merchants alike. With that increased stature will come several benefits. Through the mechanics of various parts of their site, Amazon clearly approves of serious merchants who maintain their stores steadily for an extended period. Buy box time will often fall to sellers who have been around longer, and the same goes for sponsored products; brand registration is easier as well. Amazon is always pushing for higher quality selling standards, and longevity is a big part of their values.

Of course, an untarnished brand will result in better supplier relationships. Success and a good online image will bleed into real-world personal interactions. We previously covered the importance of independently keeping track of your suppliers' successes or failures. Most of your suppliers will likely be checking up on your store as well, to see if you are moving product. When they see that your reputation is stable, your brand is well-recognized, and your seller rating is high, it will be good for business. The suppliers are more likely to be trusting; everything is simpler when that is the case. You can negotiate deals from a stronger position; if you have a well-known and respected brand, let the supplier know it. That knowledge alone might be enough to get you a better deal.

Maybe the biggest benefit of a long-lasting brand is how it helps your connection with customers. People want to know that your store will be there to answer certain product needs. If your store is constantly discontinuing products or you are going on hiatus, building any kind of trust will be much harder. A consistent persona like we discussed in previous chapters is built upon staying open and providing a predictable set of listings. Most successful sellers will confirm that one of the more important aspects in achieving sustained profits is a committed base of customers. When people know your brand well, they are more willing to seek it out and make a purchase, regardless of your competitors' prices. You can draw people in quickly on new products, even when you must charge more to stay profitable.

Maintaining a significant relationship with your customers will also help your whole store grow. Aside from the clear benefits of a steady revenue stream, regular customers will increase organically. People like to tell others about where they bought something, especially if it's a place they like. If you have a strong, lengthy history with a customer and your store has provided many valuable items quickly and for a reasonable price, that person will spread the word of your store without being prompted. Whether it's explaining where they got gifts at a Christmas party or telling a neighbor about new flower pots they bought from a great Amazon merchant, people will hear about your store. Word-of-mouth marketing is a powerful motivator, and it's free. Customers telling others about your outlet is one of the best things that can happen. Encourage it with helpful service, the right items, and maintaining your brand. Time will be your greatest ally in this case.

Maintaining long-term success will expand your store naturally, and other merchants will stay away. While being aggressive and growing whenever possible is the route most merchants try to take (and what you should take), some stores establish themselves as the leading sellers for a few items and then hold their position. This allows for a more hands-off approach (saving time for other activities) as well as a focus on perfecting a few listings. Notably, this is true when building a supply chain. Having few products means redundant suppliers should be available for each, and you should have negotiated good deals on bulk sales. Every so often, they might lower their prices to stay ahead of competition and keep the buy box, but otherwise don't change much.



This isn't viable for many products, but some items are always going to sell and never going to evolve much. Toilet paper is an example we've discussed before. An increasing number of people are bulk-buying toilet paper online to save money, but it hasn't changed much. If you are the main supplier for mainstream, high-quality toilet paper and are winning a lot of buy box time and sponsored ad spots, you are unlikely to have many problems. Sellers who might consider listing toilet paper will inevitably see the merchant with thousands of reviews and a 99% approval rating over the last three years, and this will discourage them. No one wants to fight a giant over one product when there are so many other options. An established reputation on the seller forums will only add to the perception that you have a lock on the market for a few items. Over halftime, we mentioned "market presence," and this is an instance of that concept at work. Eminent sellers automatically dissuade potential competition. A brand that is well-known across the marketplace is almost a shield against intrusion.

Maintaining your brand long-term is important for numerous reasons. A turbulent selling history will draw competition from other merchants, make it more difficult to establish a loyal consumer base, and leave some suppliers on edge. Your whole operation becomes a little more difficult to run if you rebrand often, get into conflicts with other merchants, or shut down for fleeting periods of time. Focus on building trust and an ever-present mentality; the "steady as she goes" image is something every merchant should strive for. If you can achieve this, profits will accompany your business, wherever you might take it.

Part 4:

Intellectual Property Rights

Chapter 16:

Intellectual Property Rights

Nothing is more sure to hurt your store than actionable offenses of intellectual property theft. You will lose money and customers, and your reputation in the merchant community will take a nosedive. Amazon swiftly moves in response to any accusations of theft they see as reasonable, whether from other merchants or outside sources. If Amazon believes a claim has merit, their policy is usually to shut down a merchant's operation or listing until a resolution can be reached.

If you are careful, any infractions you make will likely be small, or at least accidental, and punishments for that are survivable. In such situations, you must be forthcoming and helpful during an investigation. Present your side of the story clearly, and do not try to hide anything.

Cooperation will result in a lesser penalty, and often, it is tough to get away with an infraction because Amazon has clear access to most of the necessary data. As quick as Amazon is to act in an instance of an allegation of misconduct, they are just as speedy when lifting a ban on a store or freeze of a listing. However, if Amazon proves you willfully or aggressively broke IP laws, serious consequences will follow.

Over the course of your career you will eventually face an accusation of intellectual property theft—legitimate, from a competitor looking to slow you down, or from a large corporation trying to preserve their image (the likeliness of this varies by field). Many big companies have set groups of employees or computer programs to scan Amazon seller stores for specific words or phrases that may indicate brand infringement. Due to the enormous monetary potential of an Amazon merchant, outside businesses are often quick to pull the trigger on a formal complaint to the site. Amazon is receptive to these complaints, as acting otherwise could result in an extended legal battle. They want to avoid that hit to their reputation if possible.

Some sellers see this stance as "anti-merchant," but it is about protecting the whole marketplace. Every dollar spent dealing with a suit from Sony, for instance, over too many of Amazon's stores misusing their brand, is a dollar that won't be spent on company-wide expansion of services or development of new seller programs. If Amazon gets in trouble, so does every one of their sellers, regardless of illegal activity. The site tries to maintain an even keel.

While receiving news like this is a scary moment for many sellers, the first thing to remember is not to panic. Accusations are relatively common, and most stores can make some adjustments and shake them off rather quickly. Because these complaints are growing so common, in recent years, Amazon has trended toward simply freezing the listing in question instead of an entire store.

Whatever accusation comes against you, if you are sure you have done nothing wrong, either accidentally or on purpose, immediately file a counterclaim stating your case. Amazon will generally respond quickly to both claims and counterclaims, as no one wants intellectual property theft issues lasting longer than they need to. If you are unsure whether you have broken the rules, the next few chapters should clear it up. However, if they don't, file the claim anyway and contact a lawyer. An incorrect counterclaim won't make your case worse if you did accidentally violate IP laws, but it will get the process moving faster.

Of course, the more successful you are, the more likely you will have need to bring a claim against another seller for stealing ideas. In this situation, don't overreact to potential theft; if it did happen, it was probably an accident. Also, Amazon treats people who are calm and professional much more seriously. If you have registered your brand with the site already, as you should have, then your case will probably be solid. Proving ownership over an idea is a different process based on the idea in question. However, if you have been wronged, especially to the point of real damage to your reputation or flow of revenue, Amazon is likely to issue repercussions to the offending merchant. They aren't in

the habit of letting people get away with wrongdoings such as this, mistake or not.

IP laws do not treat all ideas the same. There are different procedures and stipulations regarding patents, copyrights, and trademarks. We will be covering every variety in the following chapters. Have a comprehensive understanding of all these rules and the variations between each type of infraction. The consequences for confusion could be extremely harmful to your store. Also, and equally important, Amazon will act even if an item, brand, or creative work isn't federally registered. Provided there is clear evidence of wrongdoing, Amazon will enforce trademarks, copyrights, and patents as they have been established through use in their online marketplace. Although, again, circumstances vary; we will go over all that in the upcoming section.

## Chapter 17:

### Trademarks

The first common type of intellectual property is a trademark. Your trademark is your brand, primarily your name and logo. If another seller violates your trademark, that usually means they are pretending to be you or are trying to gain something from your identity without permission. Customers are being misled, and that can result in you losing money and reputation. Quick action is crucial here, because your reputation is in play. Money can be made back, but if someone sells cheap versions of your goods pretending to be you, you may experience an irreversible hit to your reputation.

Trademark infringement is probably the most regular and easy to determine of IP violations, as your control over the name and brand is clear-cut to Amazon. Establishing a clear timeline is the key to deciding a trademark violation, and Amazon can retrieve that data without any difficulty. If you were clearly using a unique name or brand for long enough to establish ownership, the offending party had no right to employ it. Similarities between logos and names are not difficult to judge, as the other person must remain close to what you've created to get the benefits of imitating your brand.

A common instance of this is merchants buying knockoff goods for cheap and then selling them under a name like yours to trick people. When you are successful, your reputation commands a certain customer following, and other merchants will try to exploit that. For instance, if you sell different kinds of high-quality hot sauce under the company name "Red Face Hot Sauce," a simple trademark infringement might be another merchant selling a similar-looking bottle of hot sauce under the name "Red Cheeks Hot Sauce." Occasionally, they may steal your name word for word, but usually merchants try to be slightly more subtle.

If you discover such an infringement, immediately report your situation to Amazon. They have an easy-to-use form available in the Contact section of Seller Central. Describe the problem and who is infringing, and a representative will get back to you quickly. You don't need a federally registered trademark to be taken seriously. Clear evidence of an attempt to mislead customers is often easy to determine on Amazon. They have data on what products were called and listed when, and the sales results of title and logo usage.

Registering your brand with Amazon is a good first step toward protection, and it makes establishing ownership easier. In cases where your brand or products are being tampered with or used for monetary gain against your will, a federal trademark can also be an invaluable aid. Working with the government for control of your IP can be expensive, but especially once your store reaches a high level of revenue, backing up your brands by doing more than registering with Amazon is good insurance.

In some cases, legal action may be necessary against merchants who attempt to benefit from your reputation, especially if they damage it in the process. You might make back your money, or more, in a significant settlement. Of course, consult a lawyer before deciding whether to do this. Many merchants simply accept Amazon's decision to punish the other person—or not—as enough. However, bringing an offender to court is not out of the question. Just know, it will take much more time than letting the site handle everything for you, and there are no guarantees you will be successful, especially if Amazon has already acted.

#### Defending Against Allegations of Stealing a Trademark

You may be accused—let's assume wrongly—of trademark theft during your career. As previously stated, determining whether an infraction was committed is generally easy. If you were being careful and no funny business occurred, Amazon is unlikely to severely limit your store. As of 2017, they have shown their policy to be geared toward quick action but a greater degree of leniency, at least at first. It is improbable that all of your store activity will get suspended simply because of an unproven accusation. As long as you respond rapidly to charges directed at you, you shouldn't have a problem. File a counterclaim with the store, stating your case and why you did not do anything wrong. Act immediately, but take a little extra time to write up the counterclaim. Make sure every detail is correct, especially those concerning timing. Try to be exact about when you started listing the product or products being questioned. Amazon judges these claims based primarily by creating a timeline to establish when ownership could be reasonably claimed over a trademark. A discrepancy of a week might be all it takes to swing the decision in a certain direction.

There is always the chance you may accidentally be guilty of trademark infringement, and that could pose a big problem for your store. A consensus among merchants is that if you are professional and cooperative through the judgment, Amazon will be inclined to lenience. Give them any information they ask for, and be prompt with it. The site will treat accusations against you from outside companies with more gravity than

accusations from another merchant, as Amazon could also be in trouble in that situation. Either way, cooperation is the right way to go. Get a lawyer if necessary; that may save you a lot of money and headaches once the whole episode is over.

Of course, you should do your best to avoid such a situation in the first place, if possible. When choosing a name and a market, look for anyone with a similar title. The same goes for designing a logo. Appearing like other merchants could do more than result in legal scuffles later on in your career. Choosing aspects about your brand that someone else has already laid claim to may have the opposite effect that many trademark thieves want. Your brand might be obscured by being associated with a bigger, more established company. Customers will be able to see a difference, so you come off as generic and uncreative with your marketing choices. Always avoid any similarities with fellow merchants, for the sake of good marketing as well as to maintain propriety.

#### Using Amazon's Trademark

Amazon is particular with how their trademarks are employed. While you won't often have cause to prominently feature the company's logo or title on any branding materials, it will be helpful to include the logo when noting that your store is an Amazon store. Having that trademarked material available would be helpful for clarity, and sellers commonly include it in some advertisements outside the site.

Amazon lists their stipulations about logo usage and title in the help section of the main website. Make sure you look over their guidelines before publishing any materials with the logo or company name involved. They are strict about anyone misusing the Amazon name or altering their logo in any way, and they hold the keys to your store. Repeated offenses might get your status as a merchant revoked. It is also just a smart marketing move to stay consistent with everyone else on this front; you will appear more professional.

#### Chapter 18:

##### Copyright Infringement

Copyright infringement is another form of intellectual property violation that you may encounter. A copyright is ownership of creative or artistic material, such as paintings or books. Infringement occurs when another person uses that artistic material without legal right. This is somewhat trickier to prove; copyright claims are often more difficult to resolve than trademark disputes. While some cases are clear cut, nefarious merchants have legal leverage they may be able to use to escape punishment for their behavior.

Under the right circumstances, another merchant may lawfully resell your goods with copyrighted material attached. This often falls under what is known in legal circles as the "first-sale doctrine." Essentially, so long as the other person does not directly represent the products as original works on their part, they can do what they want. This leads to many frustrated merchants who end up selling original work early on for a reasonable price, just to see their buyer immediately put it back on the market with twice the advertising budget and at four times the first listing price.

More obvious thieves will straight up steal pictures you've taken or copy you've written for your products—a subtly crafted item description, for instance. If someone else uses that material to sell a product, you have a case. For instance, if you sell curtains and invest in some excellent photos of your products, another curtain seller with the same item might use one of your pictures to help market it. That is copyright infringement, so long as the pictures are yours, and you can make a valid claim for the other merchant to be penalized and have their listing taken down. This still applies if you paid a photographer to do it for you; the pictures don't belong to the photographer if you paid for the express use of selling your product. On the other hand, if the pictures you were using were ones you found on the Internet, you have no claim to them, and other sellers can post those pictures as much as they want. There is no prize for getting there first if the IP isn't yours.

#### Accusations of Copyright Infringement

If you are accused of copyright infringement—again we will assume wrongly—then follow the same procedures you would if it were a trademark, either by another merchant or a company. Immediately respond to Amazon with your version of events. Give details as clearly as you can about every aspect they ask, and be forthright and helpful; don't incite them to go hard on you. If you try to hide anything or even make mistakes when asked for information, you'll look a lot worse.

In a case where you believe you may have done something wrong, this is certainly a good time to hire a lawyer to help stay safe. Legal counsel won't make you look guilty, it will look like you are taking the situation seriously, so don't hesitate to contact a lawyer when necessary. The fees might be hefty, but a lawyer could save you a lot of money in the long run if you genuinely are guilty of something. It is better to have a lawyer and not need her than not have a lawyer and make a mistake that results in your store getting suspended or monetary damages exacted.

Otherwise, try to keep going on an even keel and progress with the rest of your store development. Sometimes, the most damage is done by IP accusations when merchants get distracted and stop running their stores properly. These problems get resolved relatively quickly, and if you didn't do anything wrong, you are probably in the clear. So, stay focused. Keep monitoring prices, researching products, and operating your business as if you don't have a problem, because there probably isn't much of one.

On the other hand, some cases of accidental infringement do occur. This most commonly happens because of opposition research. If you are spending a few hours every week or more scanning your rival merchants' listings to keep up with their strategies, as you should be, you may unconsciously memorize some of their copy and use it for your own product descriptions. When the other seller sees this, they could have a viable claim against you. Amazon would probably decide in their favor, and you would have to take down the problematic listing.

The only way to stay clear of this is to practice constant vigilance when roaming through listings. One of the hardest things about being a seller is how often you must be alert for hazards. If you are caught taking intellectual property from other sellers, a whole slew of problems will ensue, not the least of which is potentially irreversible damage to your reputation. People online are naturally a little mistrustful already, but a confirmed copyright infringement accusation will boost that to a higher level. There is no easy way to avoid this; just hard work. However, it is more than possible to avoid copyright problems.

## Chapter 19:

### Controlling a Design Patent

The final two categories we will be discussing in this section are types of patents and patent infringements. Patent law covers the actual construction and look of a product, and it is split into two types: design and utility. These categories cover most major new item ideas. Unlike trademarks and copyrights, patents expire after a certain amount of time unless they are renewed, which is not guaranteed. Patents are supposed to protect innovators so they can profit from their products, but they ultimately allow other companies to benefit after some time has elapsed.

As before, Amazon will enforce certain patent protections if you can prove your item is original and another seller is benefiting from it; a federal patent is not necessary for Amazon to issue internal punishments. This is very helpful, especially for small sellers, because obtaining patents can cost many thousands of dollars and numerous sessions with a lawyer. However, especially when it comes to patents, registering a unique design with the federal patent office makes proving your case much easier. While thousands of dollars may sound like a lot to begin with, once your store starts raking in five-, six-, or even seven-figure revenues, the money and time spent on a patent could be worth it. The more money you make, the more you stand to lose due to theft. That, in turn, results in more attempts to steal your ideas and gives you even greater cause to patent your design.

Design patents are mainly geared toward clothing, fashion, and generally how a product looks. They are less popular than traditional utility

patents and are often easier to obtain. This is in part due to their specificity. Design patents always clearly outline the exact decoration being covered, as well as stipulate that the design is only protected for use on one type of item. For example, if you created a unique pattern for the outside of a pot, it would be easy to patent but would only apply to that exact size and shape of pot. Therefore, many people who want to patent their design end up applying for five or six to cover broader use of the design.

Anyone who has online shopped has encountered possible design patent infringement, especially from foreign stores. They are often cheap items that imitate the exact look of a high-quality brand but are much more shoddily crafted, with far less comfortable or reliable materials. Whether it's that pair of shoes that falls apart or a fancy shirt that turns out to have terrible stitching, this type of IP infringement is unfortunately common and often underenforced.

This offense often goes hand-in-hand with trademark violation. A customer might be searching for the new "Gucci" purse that usually retails at \$650 and find an identical-looking "Guchi" purse for \$200 online. Only later does it come up that the Guchi bag was stitched in Romania out of rough, inflexible pleather (imitation leather) and it looks terrible before ripping after only a few weeks of use. That is a case of violating a design patent and a trademark simultaneously.

Design patents are not necessarily knockoffs. Some rival sellers will seek to match the success of others by copying popular design elements. Vying competitors, again often in the fashion field, often toe the line of directly replicating their rivals' clothes. In recent years, fashion-based design patent accusations have numbered in multiple thousands. It is a constant battle to control the IP of what is in vogue. If a fashion company can hold the design patent on a popular product, even for just a year, before someone else finds a good way around it, profits can be huge.

While fashion is the main battleground for this type of theft, it certainly exists in other areas. Almost every product can get a boost from looking good. When Apple products began to rise in popularity starting with the first iMac in 1998, numerous smaller companies attempted to benefit financially from the phenomenon. Apple, more so than many tech companies, cared (and still cares) about how their products look and about maintaining a consistent design across all their platforms, from phones to tablets to laptops. They set up a massive net of design patents that grew with each new product. The notable clear plastic "friendly" style of each product was well controlled. Each electronics company that tried to imitate that was firmly rebuffed.

You may face similar problems when you are successful, especially if you have one or two products that dominate the market. This is more geared toward people who are crafting their own original goods, but if you are the sole distributor of a manufactured good with a unique design, Amazon will help you in cases of blatant copying. Other merchants will see a product in your store with a unique appearance, attribute its success to



that design, and create a similar design style for an item, sometimes more than one, in their shop.

Report sellers copying these designs, especially if your store is dependent on a unique look to stay profitable. Losing control of that look, even temporarily, can have permanent consequences. One of the most nefarious aspects of IP theft is that the thief can forever damage a brand or idea in the eyes of the public. If another merchant puts your design on a shoddy product that buyers hate, your products could suffer, regardless of their quality. Customers cannot always recognize whether something is a knockoff. Making a claim to Amazon does not take much time or effort, and it could save you a lot of money and annoyance, as well as preserve the good name of your brand and keep your customer base relatively intact. Whether it's a candy-striped laptop skin or wallet with bird patterns on it, you must try to protect your design IP.

Try is the operative word, because, as you may have guessed, Amazon is less likely to assist you with a design patent. This type of protected IP is specific, and a few small changes to a design might be considered enough to make it unique and therefore outside Amazon's purview to regulate. Unlike a trademark infringement, where being similar is usually enough to get someone punished—our example of "Red Face Hot Sauce" and "Red Cheeks Hot Sauce" is good—a design patent won't always cover resemblances.

#### Accusations of Design Patent Theft

You should treat accusations of design patent theft much the same as before. In the face of a notice from Amazon that someone has made a claim against you, immediately respond with a counterclaim, clearly stating your side of the story. Emphasize the creative process you went through to produce the item. If your design is not a carbon copy of the one in question, you have a good chance of getting off with little retribution.

Remember, design patents are specific, and they apply only to the products they're used on. If someone has a design they use on a shirt, you can acceptably use that same design on a pair of shoes, although you should consider making some changes, even small ones, to be safe. Consequences from stealing are still possible, even if Amazon lets you off. Other merchants and customers may judge you negatively if you appear to be stealing another person's idea.

Do not grow overly troubled if the accusation comes from a big company outside of Amazon. The site will take that seriously, as they don't want lawsuits for repeatedly allowing merchants to get away with IP infringement. However, a design patent is still a design patent, and its scope is relatively limited. To avoid this hassle, you must pay attention when viewing competitors' items. Do your best to ensure someone else has not had the idea first in a similar form, and if you do draw inspiration from it, make some changes when coming up with the design you intend to use.

You are almost certainly in the clear if the design you are using is for an obviously different product from the original. Obtaining the patterns for your set of sweaters from ones on a set of dish towels is a pretty safe move. You are only in potential danger if you get sweater patterns from another merchant's cardigans or something similarly close. As with trademarks, IP infringement is as much about saving the original owner money as it is about morality or fighting against corruption. When your items are not in competition—because they are in different markets—Amazon and the original creator will be less interested in dealing.

## Chapter 20:

### Controlling a Practical Patent

There are two variants of a patent: design and practical. While design is meant for patenting how something looks, a practical patent is meant for controlling the IP on an item's utility or function. Practical patents are more well-known than design patents, as they are more likely to impact many people in a profound manner. When someone patents a revolutionary invention, it is a practical patent. Many recent practical patent battles have been over lines of computer code and functions on the Internet.

Over the course of history, there have been numerous high-profile struggles for control over or accessibility of patents. Samuel Morse, who invented the telegraph, tried and failed to use an original patent to control every aspect of his invention, including any improvements other inventors made. The United States government fought General Electric over the rights to electric lights—and lost. More recently, Amazon joined the long list of major tech companies involved in major patent suits when they fought for and lost the right to control their “1-Click” purchasing button in Europe. (They retained the rights in the US, although the patent is set to expire in late 2017.) These are all famous examples of practical patents.

You may join the ranks of entrepreneurs with patent issues. If you introduce a product to the Amazon marketplace that no one else has, other merchants will quickly snipe your idea.

Again, you can claim IP rights on something you made or on something that you are the sole supplier of. Amazon will consider a claim of ownership over a design or utility, even if you have no established federal patent. However, for a utility patent case to work, you must have a clear new feature or unique function you can prove was in your product first. The feature must be significantly different from other established products; trying to claim ownership over something that is mostly similar to other items on the market will get you nowhere.

If you have a truly unique invention or revolutionary idea, the regular Amazon marketplace might not be the best place to sell it. Depending on

how big the idea is, Amazon Launchpad could be a better venue. Launchpad is for start-ups focused around completely new ideas. It is a haven specifically designed, among other things, to protect IP potentially worth millions. If your IP is simply a cool new feature for a regular product, then staying in the marketplace is a fine option. However, for the all-out Nikola Teslas of the world, Launchpad is more appropriate.

One aspect of IP infringement we have not covered yet is choosing the appropriate times to let someone go. This will not often be the case, but in some situations where there is a clear infraction, it may not be worth your time to issue a claim and deal with Amazon's claims center. Say you invented a flashlight that could easily change shades to several different colors while staying lightweight and maintaining a long-lasting battery. You think the flashlight is unique; there are no other flashlights like it on Amazon. It would normally be good to ensure that other merchants did not come close to copying it for their own profit. However, maybe there is one seller, with almost no sales or regular customers and low feedback, who puts up a similar item in their store. In that situation, going to Amazon for help is probably a pointless gesture. If your sales are not getting affected notably by some tiny seller using your idea, taking the time to go through the annoyance of filing a claim is probably a waste. Save that option for when you are sure another seller is costing you money or reputation.

That leads us to another point: don't be the seller who cried infringement. Amazon keeps track of every instance when you issue a claim against another merchant for IP theft. If you do this too often with little or no basis to your accusation, Amazon will take you less seriously when the time comes for a real issue. The site takes these claims very seriously, and they expect their merchants to act accordingly. Don't let your ideas go unprotected, but don't be overeager to pull the trigger on a claim, either.

#### Accusations of Practical Patent Theft

You probably know the drill by now. If another merchant or company accuses you of misusing or stealing a product they invented for your own financial gain, remain calm, cooperate, and your store should turn out fine. Amazon is lenient to people who are helpful with resolving these issues.

Unlike design patents, practical patents can cover a range of uses. It is harder to escape consequences when someone has a practical patent. Our previous example for a design patent was a colorful design for a pot. That design patent wouldn't apply to a different size or shape of pot, just what was specifically described. However, if there was a unique rubber handle that did not get hot or melt on that pot and its inventor had a practical patent, it would apply to use on numerous different types of pots and other cookware.

The best way to avoid accidentally stealing someone else's practical patent, whether it is federally registered or just notionally real based on use in the Amazon marketplace, is to focus on merchants who are doing

notably well. Of course, you cannot comb through every competitor you have so you can see if your product is treading over an original idea of theirs. However, keep an eye on the products of your successful competitors. If the innovation is any good, the product will probably be selling well, so it will be noticeable. When you don't see any competitors with special features on their products like one you are hoping to introduce, odds are there won't be any problems concerning patent infringement (unless you bring them against another merchant). As is often the case, avoiding trouble is about doing some research and taking your time. Real issues come up when you rush to action without thinking.

## Conclusion

That wraps it up; not just the Fourth Quarter, but our whole series. We have covered all the basics, and then some. Everything, from branding to buy boxes, repricers and redundancies, private labeling and retail arbitrage.

Of course, one name that has consistently come up is Sellers Playbook. In part, this is because there are so many areas in which this service excels. Wherever your problem lies, Sellers Playbook can extend an experienced hand to help. There is no need to tackle difficult questions on your own when you have experts ready to guide you through tough times.

You are going to need this help. There is so much potential for growth in the marketplace right now, and customers are pouring in at an increasing rate, bringing more competition with them. People with more money, experience, and luck will be setting up shops. Unless you have your product registered as a unique item, you will be in direct competition with other merchants. Even then, you will be indirectly fighting over customers. As you may remember, being an entrepreneur means playing in a zero-sum game. When you make money, someone else loses money. Regardless of whether you are alone in a buy box, you still have thousands of competitors; they're just not as noticeable.

So, this is going to be hard, but you should be glad about that. If something is difficult, fewer people will try it, and those that do will stop when they realize they're going to have to work for their success. This is to your advantage. Competitive environments have a way of weaning out people who do not genuinely care about succeeding. With algorithms that favor consistent, reliable merchants, Amazon has taken an active part in eliminating weak links.

Whenever you exert yourself, you're putting the untold herds of merchants who won't contribute any effort further behind. Each extra step and every additional push puts you that much more ahead of people who aren't paying attention, can't get around to it, or who "just don't feel like it today." The more often you stay up a little later, plan a little longer, or read a little more, the closer you get to your fortune. Over time, habits like this will bring you to the head of the pack; they are a testament to the power of hard work.

For many people, taking on a challenge like this is not only about earning big money. Yes, this is a huge opportunity to get rich, and there is nothing wrong with being motivated by the chance for a bigger house and a nicer car; but your career as a merchant can also be a personally defining moment. Big challenges are a voyage of self-discovery; they can tell you a lot about yourself. The journalist Graydon Carter once proposed that the truest measure of any person was how they behaved while playing sports. Was that person courteous in defeat and humble in victory? What would they do in response to their opponents' fervor? Much like a playing a sport, competing as an entrepreneur can teach you a lot. What will you do during emergencies? How will you handle rival sellers trying to move in on your territory? Your responses to these situations will be revealing to say the least.

Difficulty adds value to an experience. Be glad that, at times, what you are doing is a struggle. If it were simple, any person with an Internet connection and some spare time would be hanging around, and the experience wouldn't be worth nearly as much. Every sale made is a little sweeter, and every dollar earned is little dearer, because you worked hard to get it. Selling will be the venture of a lifetime, if you let it. So suit up and get out there; it's time for the big game.

#### About The Author

Jessie Conners Tieva is an Executive for Sellers Playbook, Inc. She is a widely respected ecommerce leader and author. A self-made entrepreneur, her life is a true rags-to-riches story. Growing up for most of her childhood in a trailer in northern Wisconsin and later moving to an orphanage in Mexico in her teens, Jessie was hungry to provide a better life for her siblings and family.

With only six years of formal education Jessie has been featured on The Oprah Winfrey show, the front page of yahoo.com as a "Rags to Riches Millionaire", CNN, CNBC, MSNBC, The Today Show, Forbes and many more publications. She was also chosen from 215,000 people as a contestant in the first season of The Apprentice with Donald Trump and remains the youngest contestant who has been chosen and appeared on the show.

Jessie now has four incredible children with her husband Matt. Online retailing has provided them the freedom to travel the world, give to the charities they love, create incredible experiences for their children and care for those in need. Jessie enjoys teaching others how to create financial security in their lives through their online retail sales and education. She frequently brings her family with her when she teaches domestically and internationally.

Jessie has been quoted saying "I believe everyone has a story, everyone has trials, everyone has tribulations but in the end it is about finding the truth inside of you and not denying it... following my light has led me to 'riches' yes, but what really matters is my soul feels rich. Never

measure your success by the size of your bank account, measure your success by the peace in your soul."